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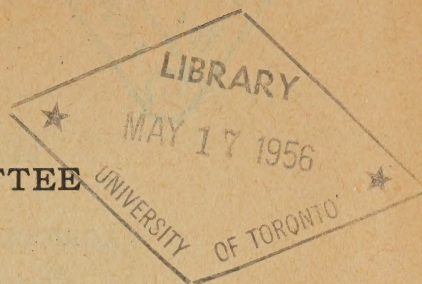
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HOUSE OF COMMONS
Third Session—Twenty-second Parliament
1956

Government
Publications

4657



STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

BILL No. 208,
An Act to amend the Farm Improvement Loans Act.

THURSDAY, APRIL 12, 1956
TUESDAY, APRIL 17, 1956

WITNESS:

Dr. E. C. Hope, Economist, Canadian Federation of Agriculture.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.



STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.,
and
Messrs.

Anderson
Argue
Batten
Blackmore
Boucher (*Chateauguay-
Huntingdon-
Laprairie*)
Bruneau
Bryce
Byrne
Cardiff
Charlton
Clark
Decore
Demers
Deslières
Diefenbaker,
Dinsdale
Fontaine
Forgie
Gingras
Goode,

Gour (*Russell*)
Harkness
Huffman
James
Jones
Kickham
Kirk (*Antigonish-
Guysborough*)
Laflamme
Leboe
Legare
Lusby
MacKenzie
MacLean
Mang
Masse
Matheson
McBain
McCubbin
McCullough (*Moose
Mountain*)
Menard

Michaud
Montgomery
Murphy (*Westmorland*)
Nicholson
Perron
Pommer
Proudfoot
Purdy
Quelch
Roberge
Robinson (*Bruce*)
Schneider
Smith (*Battle River-
Camrose*)
Stanton
Studer
Thatcher
Villeneuve
White (*Middlesex East*)
White (*Waterloo
South*)—60.

(Quorum 15)

E. W. Innes,
Clerk of the Committee.

HOUSE OF COMMONS

THURSDAY, January 26, 1956.

Resolved,—That the following Members do compose the Standing Committee on Agriculture and Colonization:

Messrs.

Anderson,	Gour (<i>Russell</i>),	Ménard,
Argue,	Harkness,	Michaud,
Batten,	Huffman,	Montgomery,
Blackmore,	James,	Murphy (<i>Westmorland</i>),
Boucher (<i>Châteauguay-</i>	Jones,	Nicholson,
<i>Huntingdon-</i>	Jutras,	Perron,
<i>Laprairie</i>),	Kickham,	Pommer,
Bruneau,	Kirk (<i>Antigonish-</i>	Proudfoot,
Bryce,	<i>Guysborough</i>),	Purdy,
Byrne,	Laflamme,	Quelch,
Cardiff,	Leboe,	Roberge,
Charlton,	Légaré,	Robinson (<i>Bruce</i>),
Clark,	Lusby,	Schneider,
Decore,	MacKenzie,	Smith (<i>Battle River-</i>
Demers,	MacLean,	<i>Camrose</i>),
Deslières,	Mang,	Stanton,
Diefenbaker,	Massé,	Studer,
Dinsdale,	Matheson,	Thatcher,
Fontaine,	McBain,	Villeneuve,
Forgie,	McCubbin,	White (<i>Middlesex East</i>),
Gingras,	McCullough (<i>Moose</i>	White (<i>Waterloo</i>
Goode,	<i>Mountain</i>),	<i>South</i>)—60.

(Quorum 20)

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

THURSDAY, March 22, 1956.

Ordered,—That the following Bill be referred to the said Committee: Bill No. 208, An Act to amend the Farm Improvement Loans Act.

Attest.

LEON J. RAYMOND,
Clerk of the House.

THURSDAY, A² 2, 1956.

The Standing Committee on Agriculture and Colonization begs leave to present the following as its

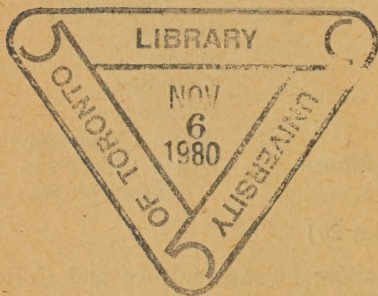
FIRST REPORT

Your Committee recommends:

- (1) That it be empowered to print from day to day 1000 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 66 be suspended in relation thereto.
- (2) That it be granted leave to sit while the House is sitting.
- (3) That its quorum be reduced from 20 to 15 members, and that Standing Order 65(1) (F) be suspended in relation thereto.

Respectfully submitted,

RENE N. JUTRAS,
Chairman.



MINUTES OF PROCEEDINGS

THURSDAY, April 12, 1956.

(1)

The Standing Committee on Agriculture and Colonization met at 10.20 a.m. this day. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Blackmore, Bryce, Charlton, Clark, Decore, Deslieres, Diefenbaker, Gour (*Russell*), Huffman, James, Jones, Jutras, Kirk (*Antigonish-Guysborough*), Masse, McCullough (*Moose Mountain*), Menard, Purdy, Quelch, Roberge, Robinson (*Bruce*), Schneider and Smith (*Battle River-Camrose*).

The Chairman made a few opening remarks and then referred to the Committee's Order of Reference.

On motion of Mr. Gour,

Resolved,—That a recommendation be made to the House to reduce the quorum from 20 to 15 members.

On motion of Mr. Decore,

Resolved,—That permission be sought to print, from day to day, 1,000 copies in English and 250 copies in French of the Committee's Minutes of Proceedings and Evidence.

On motion of Mr. Huffman,

Resolved,—That the Committee request permission to sit while the House is sitting.

On motion of Mr. McCullough (*Moose Mountain*),

Resolved—That a sub-committee on Agenda and Procedure comprising the Chairman and 8 members to be named by him, be appointed.

Agreed,—That organizations desirous of making representations concerning Bill No. 208, An Act to amend the Farm Improvement Loans Act be invited to appear before this Committee.

On motion of Mr. Decore the Committee adjourned to the call of the Chair.

TUESDAY, April 17, 1956.

(2)

The Standing Committee on Agriculture and Colonization met at 11.00 a.m. this day. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Bryce, Byrne, Cardiff, Clark, Deslieres, Dinsdale, Forgie, Gour (*Russell*), James, Jones, Jutras, Kichham, Legare, Lusby, MacKenzie, MacLean, Mang, Masse, McBain, Menard, Murphy (*Westmorland*), Nicholson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Schneider, Smith (*Battle River-Camrose*), Stanton, Villeneuve, White (*Middlesex East*) and White (*Waterloo South*).

In attendance: From the Canadian Federation of Agriculture: Dr. E. C. Hope, Economist.

From Farm Improvement Loan Division, Department of Finance: Mr. D. M. McRae, Supervisor; Mr. H. J. MacBurney and Mr. F. M. Manwaring, Administrative staff.

The Chairman outlined plans for future meetings and for the receiving of presentations from various organizations interested in the provisions of Bill No. 208—An Act to amend the Farm Improvements Loans Act.

Dr. Hope was called and presented the views of the Canadian Federation of Agriculture on the question of Farm Improvement Loans; he was questioned thereon and retired.

At 12.35 p.m. the Committee adjourned to the call of the Chair.

E. W. INNES,
Clerk of the Committee.

EVIDENCE

APRIL 17, 1956.
11.00 a.m.

The CHAIRMAN: We now have a quorum, so we will come to order.

Before we go on, may I ask the different parties to try to submit names for the agenda committee. I only have the names for the Social Credit members.

So far, we have had one meeting to organize, and it was agreed at that meeting that we should notify the interested parties in the reference before us. At the moment our only reference is to amend the Farm Improvement Loans Act, Bill 208. I accordingly notified the Co-operative Union of Canada, the Canadian Federation of Agriculture, the Credit Union National Association, and the Interprovincial Farm Union Council. So far, we have heard from the Canadian Federation of Agriculture, which we are to hear this morning in the person of Dr. Hope, and the Co-operative Union of Canada will be heard and the date had been set tentatively for Thursday, but they have expressed the wish—and that is putting it mildly—of having the privilege of being heard next week rather than this week in view of the fact that they are presently in conference during most of the week. I have not heard from the Credit Union National Association, and apparently the Interprovincial Farm Union Council do not intend to appear now at this stage.

So, this morning we are privileged to have Dr. Hope of the Canadian Federation of Agriculture who will make the presentation on behalf of the Canadian Federation of Agriculture on this bill.

If there are any questions, now would be the time to raise the questions before we go on with the presentation.

Mr. QUELCH: Mr. Chairman, I think it is very unfortunate that we are having to meet at this time in view of the fact that the Farm Loan Bill is before the Banking and Commerce Committee. These two provisions are very closely related to one another.

The CHAIRMAN: I appreciate that, and I did not previously call the committee together until now in order to enable the Banking and Commerce Committee to get through with its bill. I was given to understand that all the presentations to the committee have been completed now and that the committee is considering the bill.

Mr. QUELCH: So some of us who have listened to the presentations have to come here instead of being able to discuss the bill.

The CHAIRMAN: How long will they be on the bill?

Mr. QUELCH: I do not know.

The CHAIRMAN: My information is that they are likely to be on the bill some time yet. Our reference on the Farm Improvement Loans Act was referred to us well before Easter and naturally the government is anxious to get this legislation in operation. I know that the situation is unfortunate, but I doubt if we can get around it to an absolute degree.

Mr. NICHOLSON: Mr. Chairman, I think originally it was proposed that this legislation be referred to the Banking and Commerce Committee, and in that case it would have stayed over until they had finished the present legislation before them. In view of the fact that some of the members are on both

committees I wish this could stand until the Banking and Commerce Committee has finished their present legislation.

The CHAIRMAN: I would not want to make an undertaking to hold it until they get through. What if they are there another three weeks on the other bill. This is one problem we have to fight all the time on all committees. In view of this we might drop next Thursday's meeting and wait until next week, either Monday or Tuesday. That would meet the wishes of the Co-operative Union, Mr. Staples and his organization, and at the same time meet the wishes of some of us; but I am afraid next week we will have to get on. We will drop Thursday's meeting and wait until early next week.

Now, I will call on Dr. Hope from the Canadian Federation of Agriculture. There are copies of the presentation and I will have them distributed now. If any of you do not have a copy of Bill 208 we have copies here.

I will now call on Dr. Hope.

Dr. E. C. Hope, Economist, Canadian Federation of Agriculture, called.

The WITNESS: Mr. Chairman and gentlemen. I think I will start by reading a portion of what we call a statement of policy regarding farm credit. The Canadian Federation of Agriculture has a policy committee and among the topics which were handed to this committee for reference was farm credit. The committee studied this problem and presented a statement on farm credit which was examined and modified to some extent and then finally was passed by the board of directors on January 26, 1956. The portions of the statement which I shall read here are from that report. The report itself deals with long-term credit, intermediate credit, short-term credit, and what we call disaster loan credit. As you are only interested, at this time, in intermediate credit, in view of the fact that the farm improvement loan is what we call intermediate credit, I shall just read the portions of the brief that apply and a few general statements at the start of the brief.

A credit policy for Canadian agriculture should be designed to meet the needs of three general classes of borrowers:

1. The established farmer, who carries on a reasonably efficient farm operation.
2. The farmer who would become efficient except for lack of capital.
3. The young man starting in to farm.

In addition, natural disasters may place farmers from any of these general categories in a position where they require special emergency credit to carry them over the period of heavy loss.

Developing a sound farm credit policy to meet these needs requires arriving at answers to three fundamental questions.

The first is—what is the probable future earning power of farm capital?

The second is—what are other special features of farming that affect the type of credit needed?

The third is—what trends are developing in the available sources of farm credit?

Earnings From Farm Capital Available for Loan Repayment

It is possible to make an estimate of the probable long time returns of the farm operator for the total of his own labour, that of his unpaid family help and for his management after allowing a modest interest return for the capital invested in his farm.

The following tabulations shows for the 29 years, 1926 to 1954 the average value of farm capital (real estate, livestock and machinery) per farm operator, the average net income per farm operator and the returns to the operator after allowing an interest return of $3\frac{1}{2}$ per cent on his capital.

Avr. value capital per farm (1926-54)	\$ 8,630 (1)
Avr. net income per farm operator (1926-54)	1,269 (2)
Less int. on avr. capital at $3\frac{1}{2}$ per cent	302
Avr. return to operator, for his labour and management and wages of unpaid family help	967
Avr. annual wage for hired farm labour (1926-54) (Employee boards himself)	748 (3)
Avr. return to farm operator for his management and wages of his unpaid family help—(29 per cent of hired labour's wage)	219

In other words, the difference between \$967 and \$748 which is hired man's wages amounts to \$219 which is sort of a bonus for his management and payment of his family labour.

Mr. Chairman, in the questioning on this portion of the brief by the Banking and Commerce Committee, somebody raised the question of why we picked on the period 1926 to 1954 for this long-term picture, and the answer is that 1926 is as far back as the official figures are published for net farm income and that is the only reason why we have taken that long period.

Another question was raised as to what the picture would look like for the average over the last 5 years, 1950 to 1954, if the operator received $3\frac{1}{2}$ per cent. The average capital per farm we estimated at \$15,457 for the period 1950 to 1954 and in addition to the $3\frac{1}{2}$ per cent required on that investment the farmer received hired man's wages of \$1,391. That was the average of the hired man's wages for those five years, and he received an additional 68 per cent of average hired man's wages as a bonus for management and unpaid family labour. Therefore he received $3\frac{1}{2}$ per cent on his capital, wages of a hired man, plus 68 per cent above hired man's wages. That is on the basis of those five good years.

These figures require some comment. If it can be argued that the wage of a hired man is at least a living wage then it is clear that over a long-term period the farm operator has received a very modest figure for his management and a relatively low return on his capital invested in the farm business.

This long-term low rate of return on capital invested in farming is the hard core of the problem of financing agriculture, particularly the young man starting to farm.

The amount of capital that a farmer needs to reach reasonable efficiency varies at the present time from, perhaps, \$16,000 to \$50,000 or more. Moreover, earnings are usually seasonal. The farmers' need for credit of all kinds, long, intermediate and short, is, therefore, very considerable.

An important factor in the farm credit picture is the periodic necessity of refinancing farms, whenever existing operators die, retire or move to other farms or occupations. This is quite different from corporate businesses which, once financed, need not be financed again except in case of dissolution or sale of the company. Ontario research indicates that about every twenty years or less farms change hands.

The result is a constant need for large volumes of long term capital for financing farms, apart altogether from any expansion in the capital employed in agriculture as a whole. It is this fact that provides a good part of the justification for state loaning agencies in the farm credit field, which will at all times be available as a dependable source of funds for farm financing.

No credit system can hope to cope with the extreme fluctuations in income which have been experienced in the past, and it must be the task of organized farmers to obtain greater security and stability of farm returns. Yet at best considerable instability will remain. A sound farm credit policy will recognize that whatever the current situation may be, farms are always bought for the long pull. Also, farm credit institutions must avoid contributing to alternate inflation and deflation of land values. Land appraisal practices take on great importance in connection with farm credit, and deserve constant and careful study and review.

Land is normally a non-depreciating asset, to be used by a farmer both as a home and a place of business throughout his working lifetime and then passed on. In view of the low average earning power of farm capital, mortgage credit should be available which will extend the period of repayment, if required, over the whole period during which a man farms.

Livestock represents a semi-permanent investment since it may be renewed by reproduction. A sound farm credit policy will recognize as fully as possible that livestock to a farmer is in the nature of a fairly long-term investment.

Farm machinery is subject to depreciation and obsolescence. Here again however, the fact that farming is not a business yielding high returns on capital must be recognized, and suitably lengthy periods for repayment should be provided for.

The individual farmer has considerable need for informed advice on the use of farm credit, and on sources of credit available. Also, a real problem is created for the lender, who is faced with the task of trying to be closely acquainted with the affairs and prospects of a very large number of individual, and different, businesses, that is farm businesses. This accounts in part, no doubt, for the wide use by farmers of local private credit. There is a clear need for the best possible advisory and extension services in the field of credit and farm management. In addition, some supervision by the Canadian Farm Loan Board should be provided in some cases.

The Young Man Starting in to Farm

Of the various classes of farm borrowers, it is the young man starting to farm whose needs and problems are at the present time causing the most concern. For the most part it is no longer possible to begin farming with homestead land and next to no capital. Mechanization of farming has considerably increased both the size of the efficient farm unit, and the amount of capital equipment needed to operate it. How, then, is a young man with little equity, going to get started in farming on a basis that will hold out some hopes that he will be able to make a living?

An interesting picture of the measures now being taken to try and meet this problem is provided in the Forum Findings of a National Farm Radio Forum Broadcast held in December, 1954, entitled "Getting Started".

In answer to the question: "To what sources do young farmers in your area look for credit when they are establishing their own farm?", parents headed the list by a wide margin (the VLA ran a fairly close second but this source of credit will presumably diminish in importance). Private loans were the next most frequent source, and then the Canadian Farm Loan Board, Banks and Farm Improvement loans were important sources of credit. Junior Farmer Loans in Ontario and Land Settlement Board loans in New Brunswick and Nova Scotia were of considerable importance (as is the Quebec Farm Credit Act). Credit unions ranked relatively low, their importance varying sharply, no doubt, from area to area.

The second discussion question was: "How can a young farmer avoid unduly heavy investments in land, livestock and equipment when he is getting started." This question, of course, gets to the bottom of the credit problem for

young farmers. Here there was a considerable variety of answers. The most commonly mentioned solution was to rent farms, on the one hand, and on the other hand to share the use of equipment with family and neighbours. To start out on a small scale, and to buy second hand machinery were also high on the list. Other methods mentioned, of lesser importance, were to start raising livestock on shares; to use custom work; to buy machinery co-operatively; to use horse-drawn equipment; to engage in very specialized farming; to work for neighbours in return for use of their machinery. Although parents were given in the first question as a major credit source, partnership arrangements with parents placed very low on the list as a means of getting started.

Since there is no point in a young man assuming more debt than he can carry, the conclusion is inescapable that it is not possible to start farming without having a very substantial equity. The difficulty of the situation is illustrated by this example:

Suppose a young man wants to wish to begin farming on a farm with real estate worth \$10,000, and with livestock and machinery (second hand), worth \$6,000. On the basis of long time returns on farm capital ($3\frac{1}{2}$ per cent) he could reasonably expect \$560 for paying the interest and principal on a loan in addition to a little better than hired man's wages for his living expenses. This is the average picture as at January 1956.

Under the present (January 1956) Canadian Farm Loan Board legislation he could borrow \$6,000 on the real estate. This would require an annual payment of \$435 for 25 years (7.25 per cent interest and principal). The balance for further debt payment would amount to \$125 (\$560-\$435). He could obtain a second mortgage from the Farm Loan Board of \$1,000, which would require annual payments of interest and principal averaging about \$125 for 10 years. As his total capital requirements are \$16,000, he would therefore need to have a minimum equity at the start of not less than \$9,000. For more valuable farms, the problem rapidly increases in difficulty. These are calculations familiar to every young man looking around for a way to start farming. Answers of a more or less satisfactory nature are, of course, found to the problem. In some cases sons inherit their fathers' farms after helping run them under a wide variety of more or less informal arrangements. In other cases, young men start out in a modest way as tenants, under machinery-sharing arrangements and so on.

Unless a deliberate decision is made, however, to provide the young farmer with credit at lower interest rates than are required for regular loans to established farmers, the requirements for a sound, government operated credit policy to supply his needs are not greatly different from a sound farm credit policy for farm lending in general. Various provinces (Quebec, Ontario, Nova Scotia, New Brunswick) have special legislation for providing credit to young men, in ways suited to the provinces' special situations. On a national basis, it is doubtful that any special lending plan or lending agency is required to deal with men starting in to farm.

Mr. Chairman, that sentence is a little misleading. At the last hearing some of the members of the committee took from that that we did not think that the federal government should be in the long-term credit field. What we had in mind by that sentence was, if the long-term credit situation was modified, it could be modified sufficiently so as to be adaptable to older farmers and young farmers alike and we would not have to have a special federal act for young men alone. We did not think that the federal government should retire from the long term farm mortgage field and leave it up to the provinces. I think some of the members of the Commerce and Banking committee took the wrong impression from that statement. We do not mean that the federal government should retire because one or two provinces happen to have one or two provincial acts.

In this connection, it should be kept in mind that there is no point in giving to the young farmer more credit than he can repay. It should also be kept in mind that to give special low interest rates to young farmers may be, in part, self-defeating because of the tendency such low rates would have to increase the demand for farms and push up land values. The seller would gain by this (and the seller, of course, should get a fair price for his land) but the benefit of the especially low interest would not all accrue to the young farmer, and would not, in the end, solve the problem of helping him get established.

Now, on the question of farm improvement loans—these loans are made through commercial banks, which are virtually guaranteed by the federal government against loss on them, since the government guarantees losses of each bank up to 10 per cent of the total outstanding Farm Improvement Loans. The interest rate is 5 per cent. Loans are made largely for farm machinery, but are available on terms up to 10 years for livestock, farm electric systems, fencing and drainage, plumbing and heating, and other farm improvements. The maximum loan is \$4,000. Loans are given for up to 90 per cent of the purchase price of durable assets such as buildings and plumbing, up to 75 per cent for livestock and most other improvements and purchases except farm machinery, where only 66 per cent of the purchase price may be borrowed on new machinery and 60 per cent on used equipment. Time of repayment for farm machinery is not more than three years. Longer terms up to 10 years may be had on other types of loans if the full \$4,000 is borrowed. For smaller loans that is under \$4,000, the maximum repayment term is progressively reduced, to 18 months for \$400.

The farm improvement loan system is a good and convenient one which farmers find generally satisfactory. That statement is corroborated by reports we have had from all our member bodies across Canada, and on the whole it has been a very satisfactory form of intermediate credit. The major difficulty in connection with it is that bank managers must of necessity find it difficult to be sufficiently intimately acquainted with the farm operations and credit needs of his customers to give the advice and assistance that wise borrowing in this short and intermediate credit field requires. It does not apply, necessarily, to all bank managers, but perhaps applies to some. Frequently, also, bank managers are not by their backgrounds well acquainted with the special characteristics and problems of farming. The solution to this problem must lie in improved extension service to farmers in connection with farm management. However, credit unions are admirably suited to giving sympathetic and intelligent service to borrowers, and there seems to be no reason why the privileges of the farm improvement loan guarantees should not be extended to them.

There is room for improvement in a number of directions. Being guaranteed by the government the interest rate of 5 per cent would seem to be needlessly high, and should be reduced to $4\frac{1}{2}$ per cent. These loans not only have a guarantee up to 10 per cent of the total loss, but they are secured loans, and, in the case of farm machinery, the bank can repossess and sell the machinery; and so when you take that into consideration the chances of loss, it seemed to us, on the part of the bank is extremely small. The life of farm machinery should greatly exceed 3 years, and, especially where a man is trying to get started in farming, it would seem reasonable to provide machinery loans for periods up to 6 years.

I suppose many people in this committee, Mr. Chairman, are either active farmers today or have been active farmers and know perfectly well that many of the machines which you buy today are good for a long life. Even a tractor with reasonable care will last 8 years. Certainly loans on equipment like wagons, harrows, discs, and plows, will give 10 years of good service. In fact,

when you buy a piece of new machinery, the repairs are very small as a rule for the first 2 or 3 years; it is only after that that the repairs start to mount up. Also, and again with particular reference to the man starting to farm, it might very well be sound to allow a full 10 years for repayment of livestock loans even when they are for less than \$4,000. When a person is buying young breeding stock it does not take him very long to figure out how long it will take before he is likely to get any revenue from that breeding. It will probably be 10 years before he has any net revenue from that little herd he has built up because he cannot sell the heifers if he keeps them back to expand his herd. In a general way, there is probably a tendency for bankers to unduly discourage longer term loans. That, of course, has been traditional banking practice for a long time. They should be encouraged to give full recognition to the fact that in many situations what a farmer needs is credit in quite small amounts, yet with a fairly long repayment period. Considerations such as this can be of critical importance to the young man starting in or to the man who on slender resources is trying to make an essential start at improving his farm plant. Most studies of farm credit and young people getting started in farming have come to the conclusion that the greatest fault in starting out is assuming too big an annual payment.

One danger with farm improvement loans is that since the total outstanding loans to an individual may amount to \$4,000 at any one time, some farmers get new loans when the old ones are partly paid up. What happens then is that annual payments on two or three loans run concurrently, and in total may reach \$2,000 or more on \$4,000 of debt. It does not take very long with your pencil to figure that out, because every time you pay the loan down below the \$4,000 you can bring a new loan in and bring it up to \$4,000 again and still have to pay on farm machinery annually $\frac{1}{4}$ of the original loan. A few calculations might show you can get up to as high as \$2,400 a year payments on a \$4,000 loan. Farmers who are prone to get into this position should be restrained from doing so. Of course, on a large farm that would not be too great a handicap, but you could have a very small farm and get into that position of having to pay three loans concurrently with a very heavy annual payment, a very heavy annual burden of meeting those payments.

The farm improvement loans policy should be changed to provide for:

- (a) A reduction to $4\frac{1}{2}$ per cent in the rate of interest now charged, in view of the fact that these loans are both secured and guaranteed by the government.
- (b) Periods of repayment of up to 6 years on farm machinery loans, and up to ten years on other loans even when for amounts less than \$4,000.
- (c) Extension of the principle of the 10 per cent farm improvement loan guarantee to credit unions and other co-operative credit organizations.
- (d) Set a limit of \$1,600 on the required annual repayments by any individual under farm improvement loans, even when he is repaying two or three loans concurrently.

Now, Mr. Chairman, we do not have anything in there about raising the maximum loan to \$5,000, which I understand is in your bill. The reason why, at that time, we did not advocate raising it was that we were looking at the whole farm credit situation and had advocated that the maximum Canadian Farm Loan Board loan be raised to \$20,000, and therefore at that time we did not consider it was necessary or urgent to raise the farm improvement loan to \$5,000. We are not going to object, and say you should not make it \$5,000, but if you make it \$5,000 I would suggest it would be wise to include some kind of a safety device whereby a farmer cannot get involved in too many loans at once. That is in line, of course, with our recommendation 5 (d), the present maximum loan, as in the bill, is for \$5,000. Under present

regulations of paying $\frac{1}{3}$ each year—paying off in 3 years—the equal annual payment would be \$1,666, plus interest at 5 per cent; the first year he would have to pay \$1,916, the second year \$1,832, and then by that time he would have paid \$3,200; then, he can step out and get a new loan of \$3,200 and bring the total again up to the \$5,000 maximum. So, the third year he has to pay \$1,666 principal on the first loan plus \$83 interest, which is \$1,749, plus $\frac{1}{3}$ of the second loan which is \$1,100 principal, plus \$165 interest, or \$1,265. On the two loans together, it totals \$3,014. Again, you can get the farmer into a position where, even though his total loan has been only \$5,000, he could get into a position where a \$3,000 payment, and if he gets into arrears the loan has to be renewed. No farmer likes to get in that position of having to have his notes always renewed. I would say this, in line with our thinking on 5 (b) and 5 (c), if the maximum is made \$5,000, that the term should be lengthened to 6 years on farm machinery and then some sort of a maximum applied to his annual payment.

Now, the present plan of paying a farm improvement loan off in 3 years requires $\frac{1}{3}$ each year of the debt to be paid. Lengthening it to 6 years, somebody might say is making it $16\frac{1}{2}$ per cent per annum on principal. A piece of farm machinery might depreciate far more rapidly than that in the first few years of use. But we do not mean to say that even if a loan on farm machinery is for 6 years that the payments have to be equal annual payments. This is a personal idea—our committee did not discuss this in detail—but looking it over it would seem to me fairly practicable if it were made a 6-year loan, the first year could be 30 per cent of the loan, the second 20 per cent, and the third and fourth years 15 per cent each year, and the fifth and sixth years 10 per cent each year. In other words, the repayment would be something in line with the rate at which a machine becomes obsolescent and depreciates, and moreover in the first two or three years of the life of the machine the repairs are small and the farmer can probably afford to pay a higher payment because his repairs are very small. Later on, when the repair bill gets higher on the machinery, then his payments get less. I think you will find, under a \$5,000 loan repayable the first year at 30 per cent, he would pay \$1,500 per annum, plus \$250 interest, or a total of \$1,750. The second year he would pay 20 per cent, which is \$1,000, plus \$175 interest, or a total of \$1,175. Then, if in that second year he got a new loan by that time he would have paid off 50 per cent of the original loan, namely \$2,500. Then if he wants to bring it up to \$5,000 again he gets another loan for \$2,500 repayable on the same terms as the first one. Now, he comes to the third year; on the first loan the payments dropped to 15 per cent which would be \$750 plus \$175 interest, or a total of \$925; and then he would begin to pay on the second loan. He would pay 30 per cent of that which would be \$750, 30 per cent of \$2,500, plus \$175 interest, a total of \$925. He would pay \$925 on each loan, a total of \$1850. It is pretty difficult by this means for him to get heavily loaded down, even if he does take additional loans. He could even take a third loan and still would not be tending to load himself down with too heavy an annual payment as he is today by having to pay the full loan off in 3 years' time. It will be seen that it would be pretty hard to get a combination where you would have to pay more than about \$1,850 a year no matter how many loans you had as long as the total did not exceed \$5,000.

So I suggest then, Mr. Chairman, that when you consider this suggestion of a 6-year term on farm machinery that the payments in the first years could be higher and then the rates could fall down so that the maximum payments that is the rate of repayment—would always be in line with the depreciation of the machine.

Now, Mr. Chairman, we consider the farm improvement loans just as important a source of credit as the Canadian Farm Loan Board for establishing

young men on farms; they are of equal importance. Those who are familiar with our recommendations to the Canadian Farm Loan Board will know that we advocated a somewhat lower interest rate and a longer period of repayment. We are advocating the same thing with this type of loan, the idea being to lower the annual payment that a person has to make. That is the only way that a young fellow can get started on a farm, or a farmer who is trying to improve his farm, without having a very high equity at the start. If you lengthen the terms of payment, then he can start with a smaller equity. I do not think it means that the loan is any less secure even though the payment period has been lengthened. That is our answer in respect to the matter of getting the young fellow started in farming without a heavy government subsidy. It is simply a question of making the repayment terms easier by extending the period and squeezing the interest rate as low as you can. We think, because the banks have chattel mortgages which are secured in the first place, and then the government protects them to the extent against loss of 10 per cent of the total loans outstanding, that that is practically a riskless loan. If that is the case then a 4½ per cent rate looks reasonable to us.

Now, Mr. Chairman, that is all I have to say. Perhaps there will be some questions.

By Mr. MacKenzie:

Q. Did you say that the total government guarantee is 10 per cent of the total loans? That is, one bank may lose 20 per cent and the other bank nothing?—A. No, as I understand it, each individual bank is guaranteed against loss to the extent of 10% of its F.I. loan. If the Bank of Commerce had \$10 million of farm improvement loans, then it would be guaranteed against a loss of \$1 million, 1/10 of what they loaned. But there is a grand over-all total of all banks, and when they have reached that maximum of course there would be no more guarantee for any of them.

Q. Have you any estimate of what the probable losses might be up to date?—A. In the farm improvement loans report it gives that; it is right in the annual report. Certainly the banks have not lost anything because the government itself today has taken on what small loss there has been, and it is a long long way from 10 per cent.

The CHAIRMAN: The claims, as you know, have been very small so far, but tend to be greater from year to year.

Mr. MACKENZIE: They have been small?

The WITNESS: Yes. The amount of the claims in 1954, the highest year, was \$59,000. The total to date is \$149,000.

The CHAIRMAN: Yes: it was—in round figures—\$9,000 in 1950, \$6,000 in 1951, \$11,000 in 1952, \$52,000 in 1953, and \$59,000 in 1954.

Mr. MANG: The present volume of your loans would be going up too.

Mr. ROBINSON (Bruce): I would like to ask the Doctor a question in respect to recommendation No. 6 in the brief.

The CHAIRMAN: We did not get into that.

The WITNESS: This deals specifically only with farm improvement loans.

Mr. ROBINSON (Bruce): Thank you.

By Mr. Nicholson:

Q. Mr. Chairman, on page 2, Dr. Hope had some of the figures for the period 1950 to 1954 for this table. I wonder if he could give us all the figures of average net income for the farm operator for that period. This is the table at the top of page 2.—A. You mean the 5-year period?

Q. Can you complete all those?—A. No. I am afraid we did not do it that way. I totalled the net income by 5-year periods in the grand aggregate.

Q. What about average net income for a farm?—A. Average net income for a farm is—

Q. If it was not done, it is all right.—A. It has not been done.

Q. How do you arrive at the rate of $3\frac{1}{2}$ per cent? How does a farmer borrow money for equipment at $3\frac{1}{2}$ per cent?—A. He cannot.

Q. Why do you take $3\frac{1}{2}$ per cent then?—A. Because that is probably the long-time borrowing rate of the government.

Q. Should you not use a figure that would bear some relation to what a farmer has to pay?—A. You can take what he borrows and show a bigger minus or you can take the interest rate at which the government would lend to the Canadian Farm Loan Board which is about that rate. The government loaned the Canadian Farm Loan Board money at around $3\frac{1}{2}$ per cent, and that is why we used that rate. In other words, if he could get interest at cost from the government, that would be the situation. Now, if you took 5 per cent interest or $5\frac{1}{2}$ per cent interest, then, of course, he would show a bigger interest return but probably less than hired man's wages for the farm operator.

Mr. PURDY: I have three questions I would like to ask the witness, Mr. Chairman. First, I would be interested in the yardstick used for arriving at the average value capital per farm—1926 to 1954—which is \$8,630?

The CHAIRMAN: What page it that on, please?

By Mr. Purdy:

Q. Page 2.—A. That is a figure reported by the D.B.S. They do not report it per farm; they report an aggregate figure at every census every 10 years. The census takers ask the farmers, when they visit the farms, what the farm is worth in the farmer's opinion. They take a list of all the farm machinery and all the livestock and estimate what it is worth. That aggregate figure is published in the census, each census period, as a grand aggregate. Then, each year the D.B.S. estimates that total based on the previous census as a bench mark by means of surveys, and then they correct their intercensal year when it comes to the next census period. You arrive at the figure per farm by taking their grand aggregate and dividing by the estimated number of farmers. The actual figure \$8,630 is not a D.B.S. figure. We estimate the number of farmers and obtain then from D.B.S. sources.

Q. Has D.B.S. not changed its basis for counting farms during the various census periods?—A. Yes. This last time changed it slightly. They have reduced slightly the number of farms by using a new definition of a farm.

Q. This is strictly farm income, the income from the farm?—A. From farming operations only.

Q. If he has other income?—A. It is not included.

Q. It is not included in these figures?—A. That is right.

Q. When you were speaking of loans for farms you mentioned that the banks could repossess this farm machinery. Under what method would they do that? Would they have to go through a process of law? There is no provision in the act. Do the banks have a lien on the farm machinery?—A. Yes. They have a definite lien on each piece of farm machinery. If the farmer wants to sell it he has to have permission from the bank if there is a lien on it.

Q. That is a registered lien?—A. Yes.

Q. Then, coming to your recommendation of a $4\frac{1}{2}$ per cent interest rate, is that based on the 3 per cent Bank of Canada rate at the present time?—A. No. We just take the present 5 per cent rate which is guaranteed and we thought that because it is guaranteed loan against loss it is a very good return. They will make 6 per cent personal loans with no guarantee and with no security except signatures.

Q. Let me develop this a little bit further. Based on the 3 per cent Bank of Canada rate—

Mr. NICHOLSON: It has been raised, has it not?

By Mr. Purdy:

Q. Do you think the banks can make the necessary credit investigations and carry on the work necessary to grant these loans for $1\frac{1}{2}$ per cent?—A. Banks do not borrow all their money from the Bank of Canada. They borrow some from individuals at 2 per cent.

Q. You are advocating that the banks should loan this money at $4\frac{1}{2}$ per cent because they have a government guarantee?—A. Yes.

Q. If that is not a good return, would it not discourage farm credit rather than encourage it?—A. Will you repeat the question, please.

Q. I am saying suppose the banks on the farm improvement loans can only get $4\frac{1}{2}$ per cent, would not that discourage them from granting loans under this legislation rather than encourage them?—A. It would certainly mean that the banks—I suppose if the banks are now lending on mortgages—and they have cut down on housing mortgages by the way.

Q. They have put it up.—A. I understand lately that the banks have decided to curtail lending on city mortgages, and therefore must have some surplus funds.

Getting back to this question of the Bank of Canada rate of 3 per cent, $4\frac{1}{2}$ per cent is a $1\frac{1}{2}$ per cent margin. For a long time in the United States under the old farm loan board they were required to lend on long-term mortgages at not more than 1 per cent above the cost of the money. The Canadian Farm Loan Board operates on 1.37 and makes a profit. They showed \$60,000 on their income tax last year; the Canadian Farm Loan Board pays income tax. They also provided for good reserves.

Q. I just want to get it clear whether we would be helping the farmers by reducing the interest. We might, in one way, but we might discourage the loans in that the banks not having the margin to work on would be perhaps less diligent in investigating the loan knowing that they have a guarantee back to them and that would throw back on the government to an extent that we might have to cancel the present legislation.—A. Five per cent is in the act for a number of years. The Bank of Canada rate fluctuates and the rate this year is the highest 20 years and in fact that is not likely to be the long-term Bank of Canada rate. It has been 1 per cent less than that for a long time. I would not say that that present bank rate is a normal long-term rate.

Q. I do not know if it is or not.

By Mr. Quelch:

Q. Mr. Chairman, I presume at the time when the act was first formulated it was considered advisable to make the repayment as short as possible due to the fact that agriculture was in a very prosperous condition, and today the situation has changed considerably and, with the quotas on, wheat farmers are finding greater difficulty in making payments. I would like to ask Dr. Hope what has been his experience regarding the action of the banks in extending the time during which some of the repayments may be made. Have they generally put pressure upon the farmers to try to get them to sell livestock in order to make the payments—livestock which in many cases should not be sold.—A. That is a difficult question to answer. I am not familiar with the Farm Improvement Loans Act all across Canada with respect to each bank, but I do know that banks have been fairly generous in some localities in extending the loans. In our own district I think they have

repossessed one or two machines. It is very very small. They have extended and renewed loans. I did hear that when farm improvement loans on machinery came into arrears that some farmers had been borrowing from the Canadian Farm Loan Board, transferring their intermediate credit from the farm improvements loans and taking long-term credit from the Canadian Farm Loan Board because they were in arrears. That question was raised in the Commerce and Banking committee and I asked Mr. Chester, rather offhand, and he replied that he did not have the information available right then. I suspect it would be of interest to look at the reasons for obtaining long-term Canadian Farm Loan Board loans this past 12 months, and I think if you looked at that, that you may find quite a number of farmers switching from farm improvement loans into Canadian Farm Loan Board loans to pay off loans in arrears.

Q. On the other hand, there would be many farmers who have taken out farm improvement loans who would not be eligible for Canadian Farm Loan Board loans. For instance, on rented land?—A. On rented land they would not be eligible. It is just on owned land.

By Mr. Bryce:

Q. Dr. Hope, in your brief you do not have any recommendation of any kind respecting protection of the equity of the farmer. I am thinking of the man who has half or 60 per cent of his tractor or combine paid and loses the whole thing through no fault of his own.—A. That would be up to the local bank manager. If the local bank manager is a reasonably sensible man he will extend that loan, and I think in most cases they have. As I understand it the bank manager has to report back to his head office, or his regional office, after these loans have been in arrears for so many months; how long, I do not know. That is he reports back those loans which are in arrears. He can renew these loans and try to get the interest at least out of the farmer when the loan is renewed. I think the interest has to be paid when the loan is renewed.

Q. I would like to see some recommendation from the C.F.A. to that effect because since I have come down here I know that I want to see everything in black and white; I do not want to leave it to the whims of any bank manager or anyone else; there are good ones and there are bad ones. I think we should have something in the recommendations to protect the equity of the farmer after he has paid 60 per cent of the cost of the machinery and it should not be taken away from him just because the bank manager does not think he is paying quick enough or is not selling livestock, the only thing he has left.

Mr. MACLEAN: That brings me to a question. Have you any figures on the number of the farm improvement loans that have been satisfied by the repossession of farm machinery?

The WITNESS: No. The administration would have that.

Mr. MACLEAN: My second question is: has your committee considered the desirability or otherwise of relating the term of payment for farm machinery to the depreciation allowed under the Income Tax Act?

The WITNESS: No, we have not done that, although this sliding scale I have suggested here is an attempt to do something like that. There are two types of depreciation, as you know, in the Income Tax Act; the decreasing balance method and straight line method.

The CHAIRMAN: Of course, it is pretty hard to have anything of that nature on a 3-year period.

By Mr. Dinsdale:

Q. Dr. Hope, I was interested in your emphasis on the special credit needs of young farmers starting out and I imagine, under the Farm Improvement Loans Act, that the young farmer, in making use of the provisions of the act, would be wanting to improve his capital position. Now, from the experience I have had in this respect I find that the officials are very reluctant to allow the young farmer to take advantage of the provisions of the act, mainly because he does not have sufficient assets to cover the loan. In respect to the reason why a young farmer is wanting to use this type of credit, an example might be a young fellow who has a lot of land, much of which is not suitable for cultivation and he wants to get in to cattle. Because he does not have sufficient physical assets, or appraised value of the land is not adequate, he is not able to use the special credit provisions.—A. In other words, he has not got the initial cash to put down as a percentage of the loan, 25 per cent in the case of cattle?

Q. Yes.—A. That is correct, and there is no answer to that. We realize that you could not make a loan which is 100 per cent of the asset, and therefore you have to have a certain percentage of equity before you can get a loan, and that would be a case where a young fellow started on a thin string. It may be in the interest of the fellow himself that he should not perhaps extend himself too much. I believe it is $\frac{1}{4}$ down for livestock and a 75 per cent chattel mortgage on the livestock. In the case of a loan for building improvements he can get it by paying only 10 per cent of the cost of the improvement.

I do not know the answer to that. We figure this way: in all our calculations based upon present values we tried to make a calculation that if a young fellow has \$4,000 in cash or equity he could start a farm. We have not been able to think of any scheme whereby he can start reasonably well on less than \$4,000 of an equity, either acquired from his father, in livestock, machinery, or cash, or a combination. If he has a \$4,000 equity, then by making these terms of repayment a little longer, both in long-term credit and intermediate credit, and lowering the interest rate a little, then he can get established. But he has got to have an equity of close to \$4,000. Now, you might say what chance has a young man of getting \$4,000? Well, we feel that after all the young fellow has to prove himself, or else his father should recognize this, and if the lad has been working on the farm for several years and has not been paid, then the father in fairness should kick across and give him an equity. We do not think on the average that a fellow could not accumulate the money at the age of 25 years. At 21 perhaps he could not, but we do not think it is too important that a young fellow should start on his own at 21 years of age. Perhaps he is too young.

Q. I have found in connection with this problem, where a young farmer is a member of a credit union, he perhaps can obtain credit without any substantial equity other than that that he has in his credit union. I notice in your recommendations, that you suggest the inclusion of credit unions on the guaranteed loans. Do you think that might inhibit the effectiveness of credit unions in loaning on the basis of character? Would this rigid equity requirement under the act as it exists prevent the credit unions loaning on the basis of character which they do because of their close contact with the borrower?—A. I do not know. No credit union, it seems to me, would lend up to \$5,000 on just character alone. I once belonged to a credit union, one of the first which started in Saskatchewan; I helped to organize it. We got loans on character, but they were loans of \$100 or \$200, maybe up to \$300. When you get into big money like \$5,000—it is pretty big money even these days—I would think that a credit union would want to have some kind of security to protect its other members. You will be hearing, no doubt, from the credit unions next Thursday, and we would support them. On the other hand,

there are not many credit unions of which I know that operate at 5 per cent. Most of them would be running at 5½ per cent and 6 per cent; some of them have fairly high costs.

By Mr. Purdy:

Q. Before you leave the question of the credit unions, you recommend that this legislation be made available to them. Have you any suggestions as to the mechanics which might be used in order to make this type of legislation available to the credit unions?—A. No, I am afraid I do not. We have not gone into it in detail. We are leaving this to the credit experts to state their case.

The CHAIRMAN: The Co-operative Union of Canada is presently in conference now discussing that very point and that will be in its presentation.

Mr. PURDY: I thought that this witness might have some idea.

Mr. STANTON: Dr. Hope, is it your opinion that the banks and lending agencies take into consideration the character of the individual and lend him that money, or do they stick strickly to the financial ability?

The WITNESS: I am inclined to think now that when they get this guarantee, they will stick a little more now to the financial ability rather than character. I believe I am correct in saying that a bank manager when he lends money to a farmer now on a straight loan—that is he loans the money in the spring for seed and fertilizer—I do not think he really has to question what the farm improvement loan is on that man. That is a very very important thing. In fact, a bank manager told me that they do not necessarily have to consider the fact that a farmer has a farm improvement loan with that bank when they are thinking of a short-term credit for him. What does that mean? To me it only means one thing: the bank is absolutely sure that the farm improvement loan is a guaranteed loan against loss. He will remove it from his consideration and then take a look at the other part of the farm business and character aspects in making a loan. That is very important. When you discuss this with the administration, that should be cleared up because I have been told that that is the case. They do not all do that.

By Mr. Cardiff:

Q. I do not think that an age limit should be drawn. You stated a few moments ago that you thought age 21 would perhaps be too young for a man to start up and borrow money. I do not think that should have anything to do with it because you will find many boys at the age of 21 who are much more grown up at 21 than others are even at age 25.

Mr. STANTON: And even at age 60.

By Mr. Cardiff:

Q. And if he does not have brains at age 21 he never will have. I do not think that any restriction should be made against him. I can think of myself back in the years when I went to borrow money to buy 25 acres of land which were adjacent to our farm. The man who owned that land had died and the farm was up for sale. The mortgage was reasonable to me and I went down to the bank and the bank manager told me that there was no use asking for a loan because they could not give it to me and that there was no use going to the other bank because they would not give it to me either. I went down to the other bank and, in the meantime he 'phoned the other bank while I was on the way down; I know that because as soon as I went into the bank the other banker knew exactly what I had come for even before I asked. The result was that I tried to tell him what I wanted and he said, "I do not want to know what you want it for". He would not let me tell him what I wanted it for, but he gave me the money. I only wanted it for three months, and I

paid it back. The result was I never dealt with the first bank again; he was a fine fellow too, but was so strict in respect to the rules of the bank and the bank rule was that they were not allowed to lend money for real estate. I paid it back. Mind you, there are lots of boys even at 18 with much more sense than others at 25 or 26. I would not strike an age limit whereby a boy might borrow money to get started.—A. Mr. Chairman, I am sure Mr. Cardiff must have been misconstruing what I said. I never suggested for a moment that there should be any restriction about age limits. What I meant to say was this, that we figured that there was no way whereby a young man could start out farming on his own with less than a \$4,000 equity. Therefore, we thought that a fellow of 24 or 25 years of age has a fair chance at that age of having an equity of \$4,000 and that if he did not happen to have it at age 20 or 21 that is not a major disaster for agriculture. I certainly would agree with you that there are a lot of fine fellows at the age of 21 years who are better risks than many farmers at 30 years of age.

The CHAIRMAN: Now, Mr. Nicholson.

By Mr. Nicholson:

Q. I have two or three comments. This figure of \$15,457 as the average value no doubt would apply for some areas, but I think that the Searle Grain Company came up with a figure of about \$32,000 for Manitoba, Saskatchewan, and Alberta. Would Dr. Hope correct me if I am wrong. They decided that one-half a section was the minimum size of farm that a young chap could hope to live on, and they asked their agents in the three prairie provinces to submit what they considered would be a fair figure. In Ontario I would not imagine you could buy a large farm and equip it for \$15,000.

I had dinner before Easter with a farm family near Brampton. They bought a 200 acre farm ten years ago, paying \$18,000 for the farm, and \$5,000 for equipment. About two months ago they were offered \$65,000 for 150 acres of it. They would not want to buy it for that, but the people who bought it had sold land in the Toronto area for a fantastic price, and they apparently had \$65,000 cash which they were prepared to put into a farm of the same size. I would not know where to go in Canada to find a farm, equip it and hope to pay for it under \$15,437.

My second point is this: that if 5 per cent was a fair rate for the banks to get when this act was passed, I do not see how we can ask them to reduce the rate to 4½ per cent without some type of subsidy. With the farm outlook as it is in Canada at the moment, and for the foreseeable future, as I see it, I do not think that a subsidy to encourage young people to go further into debt than they have now, is a wise procedure. I think that with such a large surplus of many food stuffs, we should not be encouraging people to believe that they can get out of debt and get on their feet by getting further into debt. I question the wisdom of proposing a subsidy from some source to get interest rates reduced so that more people will get into the business of producing more food which we cannot sell.

I was home at Easter. Although we have a one bushel quota where we live, but we have not had space in our elevators to deliver any, and we have another crop coming up, without a bushel of last year's wheat having been sold.

The CHAIRMAN: Are there any more questions. If not I will thank Dr. Hope on behalf of the committee. We are very pleased that he was able to come, and to have him with us, with his experience over many years. We appreciate it very much and thank him for coming down.

Apparently it is your wish not to meet on Thursday. Do you want to meet on Monday? Is there any objection to meeting on Monday?

Mr. DINSDALE: We farmers will all be here!

Mr. CARDIFF: I shall be here, and you can meet on Monday if you like.

The CHAIRMAN: All right. Shall we meet Monday afternoon?

Mr. NICHOLSON: Why not at eleven o'clock?

The CHAIRMAN: Very well, Monday at eleven o'clock.

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HOUSE OF COMMONS

Third Session—Twenty-second Parliament
1956



STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.,

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

BILL No. 208,
An Act to amend the Farm Improvement Loans Act.

THURSDAY, APRIL 19, 1956

WITNESS:

Mr. C. Gordon Smith, Manager, Credit Union National Association.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

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and
Messrs.

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Argue	Harkness	Montgomery
Batten	Huffman	Murphy (<i>Westmorland</i>)
Blackmore	James	Nicholson
Boucher (<i>Chateauguay-</i>	Jones	Perron
<i>Huntingdon-</i>	Kickham	Pommer
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Clark	MacKenzie	Smith (<i>Battle River-</i>
Decore	MacLean	<i>Camrose</i>)
Demers	Mang	Stanton
Deslieries	Masse	Studer
Diefenbaker	Matheson	Thatcher
Dinsdale	McBain	Villeneuve
Fontaine	McCubbin	White (<i>Middlesex East</i>)
Forgie	McCullough (<i>Moose</i>	White (<i>Waterloo</i>
Gingras	<i>Mountain</i>)	<i>South</i>)—60.
Goode	Menard	

(Quorum 15)

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, April 19, 1956.

(3)

The Standing Committee on Agriculture and Colonization met at 11.00 a.m. this day. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Blackmore, Bryce, Byrne, Cardiff, Charlton, Dinsdale, Forgie, Huffman, James, Jones, Jutras, Kickham, MacKenzie, Mang, McBain, Michaud, Montgomery, Murphy (*Westmorland*), Nicholson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Schneider, Smith (*Battle River-Camrose*), Stanton, Thatcher, Villeneuve and White (*Waterloo South*).

In attendance: From the Credit Union National Association: Mr. C. Gordon Smith, Manager.

From the Farm Improvement Loan Division, Department of Finance: Mr. D. M. McRae, Supervisor; Mr. H. J. MacBurney and F. M. Manwaring, Administrative Staff.

*Agreed,—*That the next meeting of the Committee be held at 11.00 a.m. Monday, April 23; and that the Co-operative Union of Canada be heard at that time.

Mr. C. Gordon Smith was called; he presented the views of his association concerning Bill No. 208, An Act to amend the Farm Improvement Loans Act.

The witness was questioned, thanked and retired.

At 12.10 p.m. the Committee adjourned until 11.00 a.m. Monday, April 23.

E. W. Innes,

Clerk of the Committee.

EVIDENCE

THURSDAY, April 19, 1956.
11.00 A.M.

The CHAIRMAN: Gentlemen, I must say it was not the intention of this committee to meet this morning. However, the committee on Banking and Commerce decided not to meet, and our instructions were not to clash with banking and commerce. Further, Mr. Gordon Smith of the Credit Union National Association came in from Hamilton yesterday and was anxious to be heard because of other commitments, so I thought we might as well have a meeting this morning.

This might be the proper time at which to decide on the other meeting. Mr. Staples of the Co-operative Union is now ready to appear. The committee is sitting on Monday, and I thought we might have a morning sitting at 11.00 o'clock if that is agreeable to the committee.

Mr. POMMER: What about tomorrow morning, Mr. Chairman?

The CHAIRMAN: I have discussed that with the various groups and they are pretty well committed. And then, if this committee meets at 10.00 o'clock, it means there is only one hour before 11.00 o'clock and members will wish to go to the opening of the House. Again, if we meet at 11.30, Orders of the Day might take longer than usual.

Mr. NICHOLSON: Could we not meet on Monday at 11.00 o'clock?

Agreed.

The CHAIRMAN: Then I will notify Mr. Staples that we will hear him on Monday morning at 11.00 o'clock. Now I will call on Mr. Gordon Smith.

Mr. C. Gordon Smith, Manager, Credit Union National Association, called:

Mr. NICHOLSON: Has he extra copies of the brief?

The WITNESS: I do not have a brief. I do not usually present a brief.

The CHAIRMAN: I am afraid you will have to speak loudly, this is a large room and the acoustics are not good.

Mr. ROBINSON (Bruce): Is there no other room in this building in which we could meet?

The CHAIRMAN: I can assure you we will have a better room on Monday.

The WITNESS: Mr. Chairman and gentlemen, this week the Department of Agriculture (economics division) has presented this publication "Credit Unions in Canada 1954" and I would like to leave a copy with you. It concerns the operations with which I am concerned in Canada as manager and I would like to read from part 1 of the report.

The Credit Union National Association opened its new 'CUNA HOUSE-MAISON CUNA' at Hamilton. These new headquarters of the Credit Union Movement will serve one and one half million credit union members in Canada, and are owned by credit union members from coast to coast. The following organizations are established at the new building: the Canadian district of CUNA, the CUNA Mutual Insurance Society and the CUNA Supply Cooperative.

Before I proceed further, I would like to extend my personal thanks to the chairman, on behalf of credit unions, for agreeing that this presentation may be made, in view of the fact that we are unable to be here on Monday as previously planned. However, this is the day which has now been set, and we are here, and I want to thank the chairman and the members of the committee who have so graciously attended for the purpose of hearing our presentation.

The credit unions, are of course, concerned with the amendments which the government is proposing in connection with the Farm Improvement Loans Act. We find ourselves to some degree in a somewhat embarrassing position. Normally we would be inclined to oppose the inclusion of credit unions under government legislation of this kind for reasons which we may, perhaps, arrive at in a few moments. As you perhaps know—and if you are not aware of this we are spending a great deal of money with good results in Canada in advertising credit unions in leading magazines, explaining what credit unions are—we operate in this country for the benefit of 1½ million members in an effort to improve their standard of living and to raise that standard through the services available to our members.

For that reason, because a credit union is owned and operated by its members and because the funds used for lending are the property of its individual members we sometimes become just a little concerned as to how far the control of credit unions should extend under legislation which is intended to benefit the "little people" in this country. That is our particular job—to service our membership across Canada in credit unions.

We were very happy to appear before the committee on banking and commerce during the summer of 1955 in connection with the Canadian Fisherman's Loan Act, and at that time we expressed to the committee some concern on this point. At the same time, in common with other organizations of similar purpose and intent in Canada, we went along and supported the inclusion of credit unions in legislation designed to benefit fishermen, and it is my intention on behalf of the organized credit union movement in Canada, to present to your committee today the statement that we are prepared again to go along and to request that the consideration of your committee and your government should be given to include credit unions under the legislation with regard to farm improvement loans.

This may seem to be a somewhat peculiar position to take up, but nevertheless it is in accord with the requests made by some of our larger rural credit unions particularly in the prairie provinces and more particularly, perhaps, in Saskatchewan. For that reason, I am appearing before the committee for the purpose of answering any questions which may arise and in order to advise you that as far as the organized credit union movement is concerned we are requesting that you give consideration to including and, perhaps, that you will include, credit unions as lenders under the provisions of the Farm Improvement Loans Act, which is at present under review.

By Mr. Jones:

Q. I wonder if the witness would explain the status of the credit unions with regard to the lower interest rate suggested in the bill, which is far lower than is normally charged. Also, how much of your funds could be used to make farm loans without hurting your movement?—A. We considered that that situation was thoroughly discussed at the time of the fisheries bill, and it was agreed, in the regulations, that the rate of interest would be 5 per cent plus an additional charge for life insurance which most of the credit unions which I represent—2,800 of them across Canada—use to protect credit union funds, and we hope that when the regulations are made provision for that will be arranged by negotiation with the Department of Finance or with whatever department is charged with the responsibility of handling the matter.

By Mr. Pommer:

Q. There was a suggestion the interest rates should be reduced from 5 per cent to $4\frac{1}{2}$ per cent. What would your opinion be with regard to that?—

A. Under those conditions I do not believe that our credit unions could use the benefits of a government guarantee under the Farm Improvement Loans Act. A rate of 5 per cent plus insurance is, I am quite confident, as low as a credit union would be able to go and still operate and return to its members any form of dividend on the savings they have contributed. Perhaps I should explain that the capital in the credit union comes only from its members. We have no outside source of funds. Participation in the activities envisaged under the fisheries loan and the farm improvements loan will not put more money into the union to lend out. We are hoping that many of our members will feel that the prestige of being classified as a lender by the government of Canada will encourage more depositors to put money into the union.

By Mr. Quelch:

Q. Why would you need life insurance when the loan is guaranteed by the government?—A. Life insurance protection not only benefits the union itself; it also protects the borrower, his beneficiaries or the widow. If a borrower dies and we are unable to collect in any particular instance, our insurance company will pay the balance due and there will be no claim against the individual, his widow or his estate.

By Mr. Nicholson:

Q. I take it that it is an established practice and one which you would not like to abandon. I recall that the economist for the Federation of Agriculture made a proposal the other day that the rate of interest should be reduced from 5 per cent to $4\frac{1}{2}$ per cent, and I found myself in the somewhat unusual position of opposing that on the ground that it would require a subsidy from some source to bring it about, and my experience in the credit union would indicate that you would certainly find this reduction difficult, if not impossible to achieve. It would seem to me that if the rate of interest were less than 5 per cent plus 1 per cent in respect of insurance, credit unions would scarcely be interested in participating in the type of legislation we are considering.—A. May I say that credit unions in rural areas today normally operate at a rate of interest of 6 per cent which includes the provision of life insurance on the unpaid balance of the loan up to \$10,000 on each individual life. This is a very attractive proposition for rural people.

Q. Would you just enlarge on that particular aspect?—A. A credit union insures the life of the borrower against death or disability and the union pays a premium for that type of protection. In the event of the death or total disability of the borrower the unpaid balance of the loan is paid by the insurance company to the credit union up to \$10,000. There is no claim against the widow, beneficiaries, or estate or—in this case—against the government of Canada.

By Mr. Robinson:

Q. Leaving aside the question of insurance, can you tell us what benefits would be derived by the credit union through entering into this arrangement?—A. You mean by participating?

Q. Why do you want to come under this guarantee?—A. That question places me in a somewhat embarrassing position because I, personally, would prefer not to have the credit unions included. However, there will be some benefits, more especially, perhaps, in the opinions of a great many of our people across the ten provinces of Canada, in the prestige which will attach to being regarded by the government as a lender under the Farm Improvement Loans Act.

By Mr. Quelch:

Q. This suggestion worries me: the charge for insurance will be 1 per cent?—A. As a rough estimate.

Q. Actually we shall be increasing the cost of a loan to the farmer from 5 per cent to 6 per cent, and if that is done in the case of credit unions it is quite possible that the banks would then demand the same, and as a result of bringing the credit unions in we would actually be raising the cost of interest to the farmer to 6 per cent and I would definitely be opposed to that. The Federation of Agriculture is asking that it be reduced to $4\frac{1}{2}$ per cent. That may not be possible, though personally I think it could be done, because, after all, the banks have surplus funds and they invest those funds in government bonds which only draw $3\frac{1}{2}$ per cent. If they lent money to the farmers at $4\frac{1}{2}$ per cent they would still get one per cent more than they are getting on government bonds today. I think we should think twice before we take any action which would have the result of raising interest rates to farmers to 6 per cent.

Mr. MONTGOMERY: As I understand it Mr. Smith, people do not necessarily have to borrow under the terms of the act if the credit unions are brought in. If they wish to choose a loan guaranteed by the government they may, but it is optional?

The WITNESS: That is correct.

By Mr. Bryce:

Q. I have a question to ask about that 1 per cent. Is it the same figure for a man of 60 as for a man of 40 or for a man of 20?—A. That is right—up to 70 years of age.

By Mr. Nicholson:

Q. If a man borrows \$5,000 at 5 per cent from the bank or at 6 per cent from the credit union, that 1 per cent would seem to work out at \$50, and certainly for a man aged 50 there is no type of insurance which he would get for \$50 on \$5,000, and I think most borrowers feel that this insurance feature provided by the credit union is very attractive at this very low rate. If the credit unions were permitted to qualify at the rate of 5 per cent plus the 1 per cent, the farmer would then have the option of paying 6 per cent to the credit union, always with the chance of getting a patronage dividend benefit. If they pay 5 per cent to the bank, they are leaving their families in a position where they may be "stuck" with debt. But the farmer would have the option of deciding.

The CHAIRMAN: What if a man is already carrying insurance?

The WITNESS: That is a matter for the member himself to bear in mind. The credit union receives a "blanket" policy on all lives and all loans. There is no distinction made between individuals.

By Mr. Charlton:

Q. Can Mr. Smith tell us approximately what losses have been sustained in the entire country? Is there any difference between losses in the east and in the west?—A. This group represents the entire country, and I will have to put my answer accordingly. The loss for Canada as a whole—I think you will find it here in this publication on page 54—is one tenth of 1 per cent of the amount loaned, which is a fantastically low rate, the reason being that the credit union people know each other and work cooperatively in the field of personal finance and also because of the fact that most of the officials are unpaid, except the manager of the credit union.

Q. Have you ever had any case of a credit union failing to pay its loans?—

A. We have had credit unions liquidated for various reasons. Sometimes it is due to defalcation problems. I can refer to one union in Ontario which is presently being revived. Normally a credit union which does close its doors is able to pay off more than 100 cents in the dollar to its depositors because, at the time of closing, the reserve fund built up to take care of bad loans is distributed among the remaining members.

Q. Is there any difference between the pattern of the results in western Canada as far as loans are concerned—any regional difference from the point of view of the type of farming being carried on?—A. Geographical conditions might affect it to some extent. For instance, in an area where there was a surplus of wheat repayment might well be delayed, though that does not necessarily amount to a loss. The provincial governments who incorporate and examine credit unions have determined that if delinquency extends beyond a certain period it should be classified as a loss, however, and this view has not been followed in computing the figure of one tenth of 1 per cent.

Q. It might, then, be a disadvantage for credit unions to be included in this in view of that very small loss.—A. I do not think the losses will increase, because we should have the guarantee of the government of Canada.

Q. Quite. Now have you considered that such a guarantee might in some way lead to a curtailment of the services you give to your membership?—A. I propose to state that we are concerned to some degree that the regulations which may be made may restrict our present liberal lending program on a personal finance basis. That position will have to be watched carefully, and from time to time we will advise our credit unions whether, in their best interest, this legislation should be used or not. I think, perhaps, you will find that in some instances they will not use it, but it is the general opinion that the prestige alone is worth running the risk.

Q. Did I understand you to say in the course of your earlier remarks that only one provincial group in Canada was asking for inclusion?—A. Saskatchewan is the most vociferous in requesting the inclusion of credit unions.

Q. Do the other provincial credit unions feel that they should not be included?—A. I can run generally across the country if you like. British Columbia has said: if the prairies want it we are in favour of inclusion—

By Mr. Pommer:

Q. The unions in Manitoba asked to be able to participate in this type of financing?—A. I represent credit unions in nine provinces of Canada and individual credit unions in Newfoundland. I can only give this committee the opinions which have been given to the national office. British Columbia has said: we will go along with the prairies; Alberta and Manitoba said: no. Saskatchewan said: yes.

Q. I asked that because two credit unions in my riding have intimated to me that they would like to come under this type of government guaranteed lending.—A. I am sorry to remind the committee that these unions are all autonomous and, very often, they fail to inform the central agency with regard to some of their actions. I am responsible to a board of directors consisting of 25 national directors in Canada; there are three from Manitoba and two from Alberta—if the committee would like me to make a survey I will do so.

By Mr. Charlton:

Q. Would Mr. Smith give us the rest of his answer with regard to the provinces?—A. Ontario has suggested that those credit unions which wish to have the benefit of inclusion in this legislation should be provided with that benefit. Otherwise, they have no opinion. Quebec has intimated that they are interested, and they think that from the standpoint of prestige we should seek

inclusion; Nova Scotia has within the past two weeks given me the same advice; New Brunswick has no opinion and Prince Edward Island has not expressed any opinion as yet.

By Mr. Quelch:

Q. Did you state the attitude of Alberta?—A. Alberta is somewhat fearful that there may be an interference with lending policies.

By Mr. Mang:

Q. Each local credit union is autonomous, is that right?—A. That is right.

Q. The local board decides on the policy of each particular union?—A. Within the prescribed statute under which they operate.

Q. And the local board can decide whether or not they wish to make this type of loan in its locality?—A. That is correct. But they could be designated as lenders if this legislation goes through.

By Mr. Jones:

Q. Would this group participate in dividends if they need credit?—A. You mean those covered by the guarantee? Yes.

Q. Therefore the credit unions would not be making a profit on this group. From your own figures, you could not take them in at $4\frac{1}{2}$ per cent but you could at 5 per cent, so presumably the margin of profit is very small. If they are going to get dividends back from you, that is the end of bank transactions.—A. The borrower receives a dividend based on his investment or savings in the credit union, and normally the credit union will refund a portion of the interest.

Q. On the business or on his savings?—A. Just on savings. As far as the loan is concerned, a borrower may benefit from a patronage rebates of interest. At $4\frac{1}{2}$ per cent there would be no patronage rebates but at 5 per cent plus insurance there is a possibility.

By Mr. Stanton:

Q. The banks consider strictly the financial ability of the borrower. Does the credit union strictly consider the financial ability of the borrower to repay, or does it consider the character and background of each individual to a certain extent?—A. The credit union philosophy calls for making character the first consideration in granting a loan.

Mr. PURDY: I may change the subject, so perhaps I should ask my question later.

By Mr. Quelch:

Q. Would you say that if a bank considered that even with a 10 per cent guarantee it would not be safe to lend money to a particular individual the credit union would, possibly, lend money to that individual?—A. The circumstances would have to be acceptable to the committee charged with the responsibility of granting credit to a member, and if the circumstances were such that they considered this to be appropriate, the fact that the bank had declined to make a loan would not have any effect on their decision and on their proposal to make the loan.

By Mr. Cardiff:

Q. I take it that the credit union would have no interest in a guaranteed loan from the bank; it would not affect a credit union very much whether a bank guaranteed a loan or not. The unions are lending their own money

and working within themselves.—A. There is no way in which we could participate in it. But it would be no advantage for credit unions to have a guaranteed bank loan.

By Mr. Jones:

Q. Is there a rebate on the premium paid in respect of life insurance?—A. The premium on the insurance feature, yes.

Q. There is a rebate, so it would be better to take a loan through the credit union than through the bank?—A. We think that ourselves.

By Mr. Dinsdale:

Q. On the point raised by Mr. Stanton, you mentioned that your basic criteria taken into consideration in making loans were the character and background of the person to whom a loan is being made. What equity do you demand from a borrower?—A. A borrower, in order to be a member first of all—and this applies to most credit unions laws in Canada and we have 10 of them—must apply for membership, be accepted by the directors of the credit union concerned pay an entrance fee, which usually amounts to 25 cents in most provinces, and make in addition a down payment of a \$5 share in the credit union. Most unions work on the basis that he has to be a shareholder; in most cases he starts with a \$5 unit of savings.

Q. Are most of your loans for large amounts or for small amounts. Where does most of your business lie? Is it in loans of less than \$500 or more than \$500?—A. I think the average loan would perhaps be in the neighbourhood of four or five hundred dollars. I do not think the average figure would be larger than that, but the statistics will show what it was for 1954. The amount is increasing, of course.

Q. Would the credit unions lend a substantial amount on the basis of character appraisal?—A. I may say that credit unions in the prairie provinces and in some of the larger fishing centres make what amount almost to commercial loans. Our insurance business has paid a number of \$10,000 claims in respect of the balance of loans unpaid at the time of death or disability, and many loans made by the larger unions exceed that amount.

Q. Most of those would be in the prairie region?—A. That is correct.

Q. Farmers will need funds with which to buy farms, and that sort of thing?—A. Some of the unions operate in that way.

Mr. JAMES: Can you tell us the reason lying behind the word "vociferous" which you used to describe the approval of the Saskatchewan credit union for this legislation. Why should they want to be included more than any of the other provinces? I think, judging from the reports I heard during the meetings here this week, that this, too, is a matter more of prestige than of anything else.

The CHAIRMAN: Is it not entirely a matter that they have more funds available?

The WITNESS: In some sections of the country funds are available at various times, but normally credit unions are short of funds for lending.

By Mr. Charlton:

Q. I think we can assume from what you have said that British Columbia is only willing to come into this if the prairie provinces wish to do so. I assume, from what you have said, that two of the prairie provinces do not. This would put British Columbia in a neutral position. Ontario is neutral; Quebec is luke warm; two of the provinces of the East, you said, had no opinion and New Brunswick was just luke warm. We are to assume, then, that by far the majority of the unions are against inclusion.—A. In appearing here today, Mr. Chairman, I am following only the thinking which developed in the country

in connection with the Fisheries Loan Act. That was popular and the people of British Columbia were very anxious to have it. Nova Scotia and New Brunswick appeared before a parliamentary committee dealing with this matter, as did representatives of Quebec and perhaps I am taking some personal risk in requesting inclusion. But we shall not be able to give a complete answer before November.

Q. What has your experience been with regard to the Fisherman's Loan Act in those provinces where you have been operating?—A. There has not been sufficient time yet for an assessment to be made. The legislation was proclaimed on December 19, as I recall—

The CHAIRMAN: On December 19?

The WITNESS: I think that was approximately the date and we have not had our first quarterly reports in yet.

By Mr. Charlton:

Q. You would not know approximately how many loans have been taken out through the credit union under the Fisherman's Loan Act?—A. I believe four unions have applied for designation as lenders; whether or not any loans have been made under the guarantee I cannot say.

Q. If you were included under this legislation, would it mean any change in your policy by reason of the increase in the number of application forms which would have to be filled out in order to take advantage of this guarantee? I presume there would be an increased cost of administration.—A. The increased cost of administration would, perhaps, be borne by the government who are providing the forms which they will require.

Q. What about the work involved in filling them out?—A. Filling them out, is at the present time, something I would not care to tackle myself.

Q. All of your help is unpaid help?—A. Not all.

Q. Practically all?—A. That is right.

Q. How are these people, who are working on a voluntary basis, going to take to filling out these huge forms which have to be filed with respect to inclusion under the guaranteed loans?—A. It is my opinion that during the early stages only the larger full-time credit unions will be able to participate.

Mr. JONES: Have you any idea as to the total amount of money that would be available from the resources of the unions?

The WITNESS: I am sorry, I cannot answer that.

Mr. NICHOLSON: I have not been briefed to speak for Saskatchewan. I am not sure whether some of the questions which have been asked on the other side of the committee imply that this pressure had been exercised as a result of being in financial trouble in that province. I should say we are not. We are in a very healthy financial position, credit unionwise in Saskatchewan. In spite of everything which has been said about the general economic position of the farmers, the credit unions are in a very sound position.

I find that the cooperative credit society, according to the last financial statement, showed \$425,000 as cash in hand. Unlike the banks, the local credit unions deal with their loans locally while the banks run to head office. I think one of the reasons why Saskatchewan would like to be recognized is because, should the position of agricultural products deteriorate further a federal guarantee might, in an emergency, provide a little more confidence. I asked our credit union whether it would have made any difference last fall if their loans had been guaranteed by the legislation we recently passed to guarantee bank loans. The answer was: no, it would not have made any

difference. Some of the small unions had considerable money which they could have loaned during the winter but the farmers were not borrowing. (*interruption*).

I think that is understandable. Farmers in their present crisis are not going to run further into debt with their neighbours if they can avoid it.

Mr. JAMES: I wonder whether the hon. member is registered as a lobbyist.

By Mr. Nicholson:

Q. No. I am saying that this is not being urged by Saskatchewan because our Credit Unions are in financial difficulties. Credit unionwise that is not the case. If the fishermen are eligible—and they are—there is no good reason why farmers credit unions should not be covered under this legislation. I do not think it will make a great deal difference to the amount of money available for loans, because the credit committees in the various unions will continue to decide whether loans should be made or not.

There is one further matter I would like to raise. When the guaranteed farm loan legislation was before the house I asked Mr. Harris, the Minister of Finance, whether he was prepared to give similar guarantees to the credit union, and as I recall it, his answer was that if the credit unions in all the provinces could get together and form a national organization to reach agreement on some of these questions he would be interested in discussing the matter with that organization, but obviously he could not very well negotiate with 2,000 credit unions right across the country.

Can you tell us, Mr. Smith, what stage your national organization has reached and how soon you will be able to speak on a matter of this kind with one voice?—A. I hoped I had made it quite clear that I am here representing 2,800 of the 4,500 credit unions existing in Canada today. I do not speak for the Caisse Populaire movement in Quebec, comprising some 1,200 unions, neither do I speak for those who are not members of this organization.

Q. You have not said whether you are for or against the proposal to include credit unions—A. I thought I had made it clear—the record will show—that we are here asking that credit unions be included.

By Mr. Smith (Battle River-Camrose):

Q. Have you ever considered the possibility—since these loans are guaranteed by the federal government—of lending money out at 5 per cent rather than at 6 per cent?—A. That has been considered and, again, I do not think the credit union could operate on a 5 per cent rate and pay the cost of insurance.

Q. It would have to be 6 per cent?—A. We are prepared to accept 5 per cent plus the cost of insurance. It might not equal 6 per cent.

By Mr. Nicholson:

Q. The credit unions are not in the same position as the banks. For every thousand dollars they have they can lend \$10,000 without risking a run on the banks. The position of the credit unions is not at all the same.

Mr. SMITH (*Battle River-Camrose*): I can see that it will be difficult for us to ask for a reduction to 4 or 4½ per cent for one type of lending if we are going to accept that in other circumstances money may be lent at 6 per cent, and that is what we would be doing.

By Mr. Purdy:

Q. As far as the life insurance is concerned, the amount of the insurance is merely the amount of the loan—is that correct?—A. That is correct.

Q. I am going on now, to the fishermen's loans and I was going to ask if consideration has been given by your organization to the largely increased responsibilities which would be placed on the central organization if it is to discharge the extra duties which would be placed upon it. In other words, the coverage as far as the fishermen's loans are concerned, is very small compared with the coverage which you are now asking us to extend to you. The loans with regard to fishermen only apply in the coastal regions, and you are now asking us to extend that coverage to inland areas many times greater. Have you considered whether it would be possible for you to work out the percentage on loans, and so on without building up a large organization?—A. I think Mr. Chairman that in the early stages at least with our present set-up in Canada we shall be able to carry on and use the guarantee without too great an increase in staff or too great a burden on the normal operations of the credit union.

Q. You think, then, that the "mechanics" of the guaranteed loan would not impose too great a difficulty upon you?—A. At the moment they are quite difficult, due to what we think are stringent regulations, but we are working to modify them somewhat.

Q. You are working at present through practically the same regulations as the banks have to work through?—A. Yes.

Q. The reason I asked you whether you thought the mechanics would be difficult was because the last witness to come here on behalf of the farmers advocated the inclusion of credit unions but said he had no idea how the mechanics could be worked out. I was wondering whether you had considered in your own mind what it would mean to bring the unions under the provisions of this act, or whether you were just asking for something—They say the Irishman never knew what he wanted, but he would never be satisfied until he got it.

The CHAIRMAN: I think this will be the main point Mr. Staples will deal with. In fact it is the \$64 question.

By Mr. Byrne:

Q. Can you tell us what will be required in the way of further amendments to this Farm Improvement Loans Act? Is this simply to permit credit unions to participate without making any commitment on their part, and to decide whether credit unions should be permitted to make loans under this act? Since I came into the committee room I have not been able to determine whether the witness wants the credit unions admitted under the terms of the amendment or whether he would rather they were not. I would like to clarify the matter. It would only require a simple amendment to have them treated in the same way as the banks in terms of the low interest rate. But perhaps the witness would like to have the unions come in under some other special procedure.—A. Perhaps I did not make it very clear, but I am here for the purpose of requesting your committee to give consideration to the inclusion of credit unions under the provisions of the legislation presently before you.

Q. At interest rate of 5 per cent?—A. Plus the provision for insurance which we would work out with the department.

Q. That is the point on which I wanted to be clear. There would have to be another amendment providing that higher interest rates could be charged, regardless of whether you called it insurance or anything else. You would be able to charge up to 6 per cent.

The CHAIRMAN: Mr. Byrne's point is this: the bill at the present time provides for interest at the rate of 5 per cent. His point is whether you care to come in under the bill as it is, at this 5 per cent rate of interest.

The WITNESS: Perhaps I have confused the committee, Mr. Chairman and if that is the case I am very sorry. We worked this out with the committee

on banking and commerce in connection with the fisheries loan, and it was my understanding that the provisions were similar. The department has since agreed that the interest rate is 5 per cent plus the provision for insurance, and I assume the same would apply in this case.

The CHAIRMAN: That is right.

Mr. BYRNE: With regard to this question of insurance to the borrower—is this not equally an insurance safe-guarding the credit union itself? In other words it applies to the lender in as great a degree as to the borrower?

The WITNESS: That is so.

By Mr. Kickham:

Q. I find it difficult to know just how you arrive at this figure of 6 per cent when your normal rate of interest is 1 per cent per month.—A. That is the maximum which may be charged under the credit union laws in Canada.

Q. But I take it there are credit unions which make many loans at less than 1 per cent per month.—A. Many of them do.

Q. It is a question for the board of directors of each individual credit union to decide, I take it. There is another point I wish to clear up. Your organization is universal across Canada, and I think it might cause some dissension among credit unions if you came under federal statute to lend money either under the Farm Improvement Loans Act or under the Fishermen's Loan Act: other persons might say: if you can lend money under these government statutes why cannot you lend that money at the minimum rate of interest rather than at the maximum or at any rate in between?—A. That is an ever-present danger and we are facing it at all times. I do not think our inclusion will increase it. We recommend a 1 per cent rate per month and that the credit unions should repay to the borrowers the percentage of the income which is left after providing for expenses, reserves and other incidentals. As an example, I pay 1 per cent per month for the money I borrow through my credit union, but they return as rebate 25 per cent of that interest at the end of each year and as a borrower I am required to report that rebate on my income tax. But it brings the rate of interest on that loan down to $\frac{3}{4}$ of 1 per cent and, in addition, my life is insured for the amount of the loan.

Q. I have always been under the impression that there was a continuing demand for small personal loans and that in the case of unions where substantial funds exist there was also a demand for money from producer and consumer cooperative associations. I never realized that there would be any interest in making an application to come under government guarantee, such as the chartered banks made, in the light of the fact that these loan facilities are continually in demand by cooperatives across Canada, as I have mentioned.—A. Is that a question?

I would like to say that the loans to which you are perhaps referring are often handled by the central organization in each province. In Saskatchewan the cooperative credit society takes care of loans to commercial organizations such as producer and consumer cooperatives. Normally the credit unions do not enter this field to any great extent. The central organization is, really, almost a central bank, or a central depository for surplus funds which may be available from credit unions in a given province and they normally handle the commercial loans plus any other business which the union is inclined to take.

By Mr. Forgie:

Q. Have you a statement of the outstanding loans at the present time?—A. The statistics provided here are for the year 1954, and they include the financial statement.

By Mr. Stanton:

Q. Can you give us an approximate percentage of the number of rural credit unions in Canada in comparison with all the credit unions in the country?—A. Here, too, I shall have to refer to the government's report. It is stated on page 6:

Of 1,118 chartered credit unions in Ontario, 699 were occupational and 34 urban, a total of two thirds of all credit unions in that province. The common bond of association was that of rural community for 87 credit unions and parochial, fraternal, semi-urban or semi-rural for the remaining 298. In British Columbia a similar pattern prevails. Of the credit unions in that province, 162 have urban and occupational, 76 rural, and 60 various other bonds of association.

So the percentage varies. Ontario is predominantly business and commercial. That leaves 100 rural credit unions in this province. In the prairie provinces the picture is reversed.

The CHAIRMAN: This publication, *Credit Unions in Canada*, goes on to say:

It appears that Alberta and Ontario are presently turning more to an organization of industrial, semi-urban and semi-rural credit unions and with increased industrial activity in these provinces, this trend is likely to continue. In Saskatchewan and Manitoba more rural credit unions will likely be established.

Mr. CARDIFF: I would like to ask another question. You are willing to lend money at 5 per cent plus insurance, but the borrower has no choice in the matter. If he takes the money he is obliged to pay the 5 per cent plus the cost of the insurance. Is that right?

The WITNESS: That is right.

By Mr. Huffman:

Q. Do you come under the jurisdiction of the superintendent of insurance with regard to the insurance feature of your lending?—A. Cunamutual Insurance Society is registered with him. We are examined annually and licensed in all the provinces of Canada to carry on life insurance business.

Q. When you spoke about the total number of credit unions in Canada, you spoke about the number which belonged to the central organization. Is there a trend toward full membership in your central organization?—A. It is part of our job to try to bring that about.

Q. Can you tell us about the increase in the number of credit unions joining your central organization?—A. I would think that within the last two years we have added an additional 800. At one time we had 2,000 and 1,300 were not members. We have now added 800.

Q. You spoke about the central organization of the credit unions in Saskatchewan lending money on behalf of the full membership within your organization. Who has the responsibility for making those loans? Is it still the responsibility of each credit union?—A. It is the responsibility of each credit union. In some provinces the central organization is a direct affiliate of ours, in other cases it is not. Their services include credit unions as well as co-operative organizations. Saskatchewan is one example—they are associated with us but not members affiliated directly to us.

Q. Is it the case that a credit union which is fortunate enough to have money on deposit with which to make loans can, if it wishes, extend that to some other union for loaning by them?—A. That is within the terms of the law. That is correct.

Q. Would that be extendable to other provinces, such as Ontario, which might not be so fortunate?—A. Until such time as present legislation becomes operative there is no provision for crossing interprovincial boundaries.

By Mr. Jones:

Q. You say you charge 1 per cent for insurance and take any one up to the age 70?—A. Seventy is the age limit.

Q. In view of that, how does the fund stand? Have you found it profitable?—A. Yes, we have been able to pay a 20 per cent dividend to our policy owners during the year.

The CHAIRMAN: Does that complete the questions?

Then I will thank Mr. Smith for coming here. I know we appreciate hearing the views of his organization, and I am sure they will be helpful to the committee.

I also wish to thank hon. members of the committee for the fine turnout this morning at very short notice.

We will adjourn now until Monday at 11 o'clock.

The committee adjourned.

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HOUSE OF COMMONS

Government
Publications

Third Session—Twenty-second Parliament
1956

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

BILL No. 208,

An Act to amend the Farm Improvement Loans Act.

MONDAY, APRIL 23, 1956

WITNESSES:

Mr. R. S. Staples, President, The Co-operative Union of Canada; and Mr. D. M. McRae, Supervisor, Farm Improvement Loans Division, Department of Finance.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.,
and Messrs.

Anderson	Gour (<i>Russell</i>)	Menard
Argue	Harkness	Michaud
Batten	Huffman	Montgomery
Blackmore	James	Murphy (<i>Westmorland</i>)
Boucher (<i>Châteauguay- Huntingdon- Laprairie</i>)	Jones	Nicholson
Bruneau	Kickham	Perron
Bryce	Kirk (<i>Antigonish- Guysborough</i>)	Pommer
Byrne	Laflamme	Proudfoot
Cardiff	Leboe	Purdy
Charlton	Legaré	Quelch
Clark	Lusby	Roberge
Decore	MacKenzie	Robinson (<i>Bruce</i>)
Demers	MacLean	Schneider
Deslières	Mang	Smith (<i>Battle River- Camrose</i>)
Diefenbaker	Massé	Stanton
Dinsdale	Matheson	Studer
Fontaine	McBain	Thatcher
Forgie	McCubbin	Villeneuve
Gingras	McCullough (<i>Moose Mountain</i>)	White (<i>Middlesex East</i>)
Goode		White (<i>Waterloo South</i>)—60.

E. W. INNES,
Clerk of the Committee.

REPORT TO THE HOUSE

TUESDAY, April 24, 1956

The Standing Committee on Agriculture and Colonization begs leave to present the following as its

SECOND REPORT

Your Committee has considered Bill No. 208, An Act to amend the Farm Improvement Loans Act, and has agreed to report it without amendment.

Your Committee recommends that the Government give continued consideration to the advisability of extending the principle of the Farm Improvement Loans guarantee to Credit Unions or other Co-operative Credit Societies.

A copy of the Minutes of Proceedings and Evidence adduced in respect of the said Bill is appended.

Respectfully submitted,

RENE N. JUTRAS,
Chairman

MINUTES OF PROCEEDINGS

MONDAY, April 23, 1956

(4)

The Standing Committee on Agriculture and Colonization met at 11.00 a.m. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Anderson, Batten, Blackmore, Byrne, Cardiff, Charlton, Decore, Dinsdale, Gingras, Gour (*Russell*), Harkness, James, Jutras, Kickham, Legare, MacKenzie, Mang, Masse, McCubbin, Michaud, Montgomery, Murphy (*Westmorland*), Nicholson, Pommer, Purdy, Quelch, Robinson (*Bruce*), Schneider, Smith (*Battle River-Camrose*), Stanton and White (*Middlesex East*).

In attendance: From The Co-operative Union of Canada: Mr. R. S. Staples, President; Mr. W. B. Melvin, Secretary; Mr. D. Gordon Blair, Solicitor.

From the Farm Improvement Loans Division, Department of Finance: Mr. D. M. McRae, Supervisor; Mr. H. J. MacBurney and Mr. F. M. Manwaring, both of the administrative staff.

Mr. Staples was called and presented the views of The Co-operative Union of Canada on Bill No. 208, An Act to amend the Farm Improvement Loans Act.

The witness filed with the Committee the following documents referred to in his presentation:

1. Minutes of Proceedings and Evidence of the Standing Committee on Banking and Commerce of the House of Commons, 1955, relating to Bill No. 452, An Act respecting Loans to assist Fishermen engaged in a primary Fishing Enterprise.

2. "Credit Unions in Canada, 1954", published by the Economics Division, Canada Department of Agriculture.

The witness was questioned, thanked and retired.

The Chairman placed on the record a letter from the Western Retail Lumbermen's Association concerning Bill No. 208.

Agreed: To meet again at 4.00 p.m. this day to begin the consideration, in detail, of Bill No. 208.

At 12.25 p.m. the Committee adjourned until 4.00 p.m. this day.

AFTERNOON SITTING

MONDAY, April 23, 1956

(5)

The Standing Committee on Agriculture and Colonization resumed at 4.00 p.m., the Chairman, Mr. Rene N. Jutras, presiding.

Members present: Messrs. Anderson, Byrne, Cardiff, Charlton, Dinsdale, Forgie, Gingras, Gour (*Russell*), James, Jones, Jutras, Kickham, Legare, MacKenzie, MacLean, Mang, Masse, Michaud, Montgomery, Murphy (*Westmorland*), Nicholson, Pommer, Purdy, Quelch, Robinson (*Bruce*), Schneider, Smith (*Battle River-Camrose*), Stanton, Thatcher.

In attendance: From the Farm Improvement Loans Division, Department of Finance: Mr. D. M. McRae, Supervisor; Mr. H. J. MacBurney, and Mr. F. M. Manwaring, both of the administration staff.

The Chairman announced that the following members would act with him on the Sub-committee on Agenda and Procedure: Messrs. Anderson, Argue, McBain, Mang, Pommer, Roberge, Smith (*Battle River-Camrose*), and Gour (*Russell*).

The Committee proceeded to the detailed consideration of Bill No. 208, An Act to amend the Farm Improvement Loans Act, Mr. McRae and his assistants supplying information thereon.

Clauses 1 to 6 inclusive were considered and adopted.

At 5.25 p.m., the Committee adjourned until 8.30 p.m. this day.

EVENING SITTING

(6)

The Standing Committee on Agriculture and Colonization met at 8.30 p.m. *in camera*. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Anderson, Byrne, Cardiff, Charlton, Dinsdale, Forgie, Gingras, Gour (*Russell*), James, Jones, Kickham, Legare, Lusby, Mang, Masse, McCubbin, Michaud, Montgomery, Murphy (*Westmorland*), Nicholson, Pommer, Purdy, Quelch, Schneider, Smith (*Battle River-Camrose*), Stanton.

The Committee further considered Bill No. 208, An Act to amend the Farm Improvement Loans Act.

The Title and the Bill were adopted, and the Chairman was ordered to report the Bill without amendment to the House.

The Chairman presented a draft "Report to the House". The draft report, together with various other recommendations, was considered.

The report was adopted and the Chairman was ordered to present it to the House.

At 9.15 p.m. the Committee adjourned to the call of the Chair.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

APRIL 23, 1956.

11.00 a.m.

The CHAIRMAN: Order. We have a quorum.

Gentlemen, this morning we have in attendance the president of the Co-operative Union of Canada, Mr. Ralph S. Staples. I will ask Mr. Staples to come over here.

He has with him W. B. Melvin, who is secretary of the Co-operative Union of Canada. Will you please stand?

Also we have Mr. Gordon Blair who is representing the solicitor of the Co-operative Union. You all know Mr. Blair.

We will leave it to Mr. Staples to make the presentation. I am sure if he wishes to call on any of those gentlemen later he may do so.

We have the recommendation in writing and we will pass it around. Has everybody got a copy now? I will call on Mr. Staples.

Mr. Ralph S. Staples, President of the Co-operative Union of Canada, called:

The WITNESS: Mr. Chairman and members of the committee, we appreciate a very great deal this opportunity to meet with you to discuss this question.

Last week was a very bad week for us, and we understand that the chairman and yourselves went to some little trouble to make it possible to meet with you this morning. We appreciate that very much, indeed.

Last week we had a meeting of our annual congress which represents organizations of co-operatives and credit unions from coast to coast in Canada. This matter of the Farm Improvement Loans Act, and the inclusion of credit unions, and other similar organizations received a great deal of attention.

The congress passed a resolution, which is our authority for being here today, and I should like to read it, Mr. Chairman. It is very brief, and says:

WHEREAS it is desirable that the provisions of the Farm Improvement Loans Act should be available to farmers on the widest possible basis;

AND WHEREAS the facilities of credit unions, central credit unions and co-operative credit societies are in the opinion of this Congress well suited to serve their members as loaning agencies;

AND WHEREAS these organizations have indicated that they are prepared to operate on behalf of their members as loaning agencies under the Act;

THEREFORE Congress recommends that the Co-operative Union of Canada and the Canadian District of CUNA make representation immediately to the government of Canada and to the Parliamentary Committee on Agriculture requesting that credit unions, central credit unions and co-operative credit societies be included as agencies which may be authorized to make loans under the Farm Improvement Loans Act.

It will be recalled, and I am sure it has been mentioned in this committee before now, that credit unions were, after a good deal of consideration, included in The Fisheries Improvement Loans Act last year.

As far as we can see there is no difference in principle between the inclusion of credit unions in that piece of legislation, and the inclusion of credit unions in the piece of legislation which is now before this committee. We felt therefore, that there was no need of going over all that ground again. The matter was gone into very thoroughly last year in the Banking and Commerce committee. No doubt there are people here who were present on that occasion. We would simply like to file, Mr. Chairman, if we may, with the committee, all the proceedings and the evidence in connection with Bill 452 last year. It is a very complete statement. This was the evidence of June 22 and June 23. Representatives of the co-operative movement and the credit unions, the credit societies, Senator Vaillancourt and a number of others interested in this appeared before that committee, and the evidence is very complete. We felt it was not necessary to repeat much of that information.

We should also like to direct the attention of the committee, and file with the secretary, a copy of this publication, "Credit Unions in Canada—1954", prepared by the marketing service of the economics division, Canadian Department of Agriculture. We feel it is not necessary in view of the information available to members of the committee, and in view of the fact that this was all gone through last year, and the situation has not changed very much.

Passing on to the second section of our outline, the reasons why the inclusion of credit unions is desirable: in commenting only very briefly on this, we feel it is certainly the intention of the government of Canada, and of the parliament of Canada to make this act as useful as possible, and to apply it to the needs of the agricultural people as widely as possible. By including credit unions in that, it simply facilitates that. We are informed that there is a large number of points in rural Canada where there are credit unions, where there does not happen to be a branch of any chartered bank. By including credit unions, it simply widens the area of the use of the act. We feel that credit unions are well suited to performing the functions of a lender.

Credit unions make loans to members, and of course, are restricted in their loaning to members. Therefore their connection with the borrower is a little closer than in the case of any other type of financial institution. They are familiar with the needs of the borrower, they are familiar with the borrower as a personality usually, where the bank is not necessarily familiar.

The third point: credit unions are already in this type of business in a substantial way and should have the same privileges as banks. Here again you will find in the documents we have filed, for instance page 12 of the department's report, reference to that fact, and at page 57, also of the evidence on Bill 452.

Credit unions serving farmers are sound financially for the following reasons—we do not put the words "serving farmers" in there because we have doubts about the credit unions, and the financial stability of credit unions, which do not serve farmers, not by any means; but some of the points underneath that subheading really have application only to farmers credit unions.

In the first place, credit unions handle the members' own money, and therefore, they are very careful. The record on that point speaks pretty well for itself across Canada. Credit unions have done a wonderful job of lending on a very sound basis.

Secondly: credit unions are under close government supervision in all the provinces. And there again, we think that is the reason they are sound, quite sound from this standpoint, and from the standpoint of including them in this piece of legislation.

Thirdly: the credit unions, typically, do not stand themselves. They are in almost every case members of central organizations. The pattern varies from province to province, but there are roughly two types of organizations involved in the provincial credit union set-up: the provincial central, which would be the cooperative credit society or the central credit union. These centralized savings and loan organizations serve the local cooperatives and credit unions in much the same way as the local credit union serves its members.

Secondly: almost all credit unions are included in the membership of credit union leagues, which exist as provincial organizations for the purposes of education, promotion of legislative work and all that sort of general field.

No credit union stands by itself. You will find reference to this matter of provincial centrals particularly at page 20 of the Department of Agriculture report. We feel also that many credit unions will be strengthened by the indirect control which is exercised by the superintendent of insurance under the Co-operative Credit Associations Act. That act is described at page 23 of the Department of Agriculture report.

Very briefly, Mr. Chairman, the pattern is this: we have in the community—and in this case we are talking about rural communities—the local credit unions, and the local cooperatives. Those organizations will be found the membership of the provincial cooperative credit society or the central credit unions. The names does not matter. These provincial credit societies will be members of the Canadian Co-operative Credit Society which exists under the authority of the piece of legislation mentioned here. For many purposes the Canadian Co-operative Credit Society entirely, and the provincial societies to quite an extent, are under the supervision of the federal superintendent of insurance. Now it is true that the superintendent of insurance has no authority as far as the local credit unions are concerned and the word “indirect” takes care of that perhaps inadequately, but we do feel that the element of tightening up which is going to take place as a result of this new and statutory development pattern will mean that the practices of credit unions will be even more business like than they have been in the past.

In rural Canada our credit unions find that in most cases good security is available. When I borrow money from my credit union, which is often the case, the security my union takes is an assignment of salary or wages, but in the rural areas, where credit unions are dealing with farmers, they usually find very real and adequate security in terms of chattel mortgage or land mortgage, whichever is required. The security is actually there. Without being derogatory to the Canadian Fisherman's Loan Act and what was planned in connection with it one can say that perhaps the security available to farm credit unions is superior to the security available to fishermen's credit unions on the equipment of the fishing industry. It would certainly be just as satisfactory in my opinion.

We say in subsection (f) of our memorandum that life insurance on the borrowers is a further safeguard. That, of course, is self-explanatory. Nearly all loans made to members by credit unions in Canada are insured; in other words, life insurance is automatically placed on the life of the borrower for the amount of the loan, and if he dies the credit union is not faced with the task of collecting from his estate or his family the amount of the loan because the loan is automatically paid by the insurance company in terms of the contract held.

We are, of course, suggesting that that should be the practice in connection with loans which would be extended through credit unions under the Farm Improvement Loans Act, and incidentally, Mr. Chairman, we understand the present wording of the act is presently satisfactory on that point and that no further amendment to enable the provision of full life insurance would be required.

Credit unions are interested primarily in the general welfare of the borrower. By stating this in the brief we mean to indicate that they take a very broad view of the financial needs of members and are not interested only in some particular loan to meet some particular immediate need.

Later in the subsection we say that the loss record is good. I do not, as a witness now, propose to review the record but I recall that in his evidence last year with respect to the fishermen's credit unions in the province of Quebec, Senator Vaillancourt did say the loss ratio was around one fortieth of one per cent, which is a very good record indeed, and we assume that credit unions generally would have a very sound record in that respect.

We say next that public interest requires the widest possible application of co-operative principles to credit needs. It would be possible to take up a good deal of time in discussing this item because we have very strong views on it. Here we just seek to summarize what we have in mind. I am sure that some of us would have doubts in our minds with respect to the extent to which consumer credit is being extended in Canada, but we would probably be ready to accept as valid the assertion that proper credit is necessary in order to maintain our living standards, to increase purchasing power and to enable our industrial economy to expand. It is surely true that if a large element of credit were not available—if people could not anticipate their incomes of the forthcoming month or even of the forthcoming week in order to purchase goods being produced today—the volume of production would certainly decline to a considerable extent. No one is suggesting that a result of this kind should be brought about, but we must be certain that the extension of the necessary credit in terms of the individual's standard of living and of the Canadian economy is conducted on sound lines which are not in any way prejudicial to the welfare of the borrower himself, and we think the credit union movement has the right answer in this field of social need.

The cost of consumer credit is high. We think it is too high, and we think the credit union movement working with the co-operative movement could do something to slow down its advance and reduce the cost of the necessary credits.

I would like to take a minute of the committee's time, Mr. Chairman, to read a page from the evidence we presented to the Royal Commission on Canada's Economic Prospects when we were appearing before that commission. Those members who have a copy of our brief will not find this in the brief itself. This particular evidence was presented orally, and seems to me to constitute a very dramatic story in clear illustration of the point I am making, namely that the cost of consumer credit is too high. The quotation I am about to read is taken from the evidence presented to the Restrictive Trade Practices Commission in Vancouver on July 5, 1954. The witness, Mr. Melville Thompson, who, with Mr. Grant Deachman was representing the Retail Merchants Association of Canada—I think, perhaps, it was the British Columbia section of the Retail Merchants Association—spoke as follows:

Mr. THOMPSON: Some of the so-called price cutters—they reduced the price in one form. But they got it back from the time payment in another form. Frankly, some of us had to resort to the same thing. In other words, you have to make a profit in business; there is no use

kidding each other as to that. So they reduced the list price and charged the fellow who buys on time a terrifically high finance fee—much higher than would be normal if the price was a little more fair.

"Whichever way, you make a profit. The one misleads the customer,—that you are giving him something cheap. And then you make it up out of the finance fee, and you drive a Cadillac. It is another way of doing the same thing.

Chairman, C. RHODES SMITH: Have you definite evidence of big increases in finance charges since this legislation was passed?

Mr. THOMPSON: We increased our own about a year ago, for no other reason than to recover some profit that way. We checked with two of the department stores in Vancouver, which had done the same thing within two months, and we brought ourselves up. We brought ours in line with the department stores.

"Now, we could still today operate them at a lower cost basis; but it is a hidden profit that the customer does not cry about. Our rates are still lower, by far, than several of these so-called price cutters. Even then, we are away under them. And we are charging more than we used to charge in order to recover profit in that manner.

The CHAIRMAN: More than the cost of financing really is?

Mr. THOMPSON: More than the cost is, yes.

Commissioner FAVREAU: Do I take it that, psychologically, it is your experience that the public will look with less favour on a bargain in financing than they will a bargain in apparent pricing?

Mr. THOMPSON: Yes; so that there is this so-called margin to operate on—in other words, if you have to get it back somewhere, so what? The customer is not saving money, although he thinks he is.

The CHAIRMAN: When he pays cash he does.

Mr. THOMPSON: If he pays cash, yes. But, then, the man who pays cash is all right anyway. The man you have to protect is the working man who is buying on time, the average Joe, who has less understanding of financial affairs. He does not know anything about it. When you say that is \$30 he says, "Oh, just \$30?" The fact that it is 15 per cent does not bother him a bit. Of course you and I would not pay it; we would borrow it from the bank. Nevertheless he does not think of that, nor can he always borrow from the bank.

The CHAIRMAN: And does he ask for the percentage sometimes?

Mr. THOMPSON: With us it is one of the least questioned conditions in a contract. At least that is our experience. He says, "That is quite a lot", and you say, "Well, it is two years," and he says, "Sure, that is right"—and he signs his name, and away he goes. We think the credit union movement helps, in a bad situation of that kind, from two stand-points. First, it operates credit services at the cost of the service, whatever that may be; and second it helps teach people and gives them some instruction in the management of money, which brings me to the next point in this subsection:

Good citizenship demands experience in money management.

All we are asking in this regard, Mr. Chairman and gentlemen, is an opportunity for farm credit unions to get into this field under a government guarantee, if they wish it. This would be permissive legislation. The suggested amendment which we will outline is very slight. It will not alter the operations of any credit union; it will just make it possible for a credit union which wishes to use facilities of this kind to do so. It may be that the use of this

piece of legislation as far as credit unions are concerned would develop quite slowly, and this, in itself, might be a good thing if we can learn to use this sort of thing as we go. But we do feel it is important that no discouragement—no road blocks—should be placed in front of the credit union movement.

Section III of our brief outlines our idea of the amendment that might be required, and we do this, of course, with some diffidence, not being experts in that field, but we feel that if this were done the result would be adequate.

1. By inserting a paragraph in the definitions section as follows:

'lender' means

- i) a bank, and
- ii) a credit union or other cooperative credit society designated by the minister as a lender for the purposes of this act.

2. By deleting the word 'bank' and substituting therefore the word 'lender' where necessary to give effect to the above change in the definition clause.

Finally, Mr. Chairman, if you or any members of the committee have any questions which you would like to ask we shall do our best to provide all the required information. We appreciate very much this opportunity of appearing before you.

The CHAIRMAN: Thank you.

By Mr. Quelch:

Q. I understand that in order to cover the life insurance there would be a charge of 1 per cent? Is that right?—A. The charge required would not be as much as 1 per cent, in our experience, with regard to the cost of life insurance.

Q. That would not necessarily be a fixed charge—1 per cent added to 5 per cent?—A. No, it would not be a fixed charge, but I believe the regulations under the Canadian Fisherman's Loan Act authorize a maximum charge of 1 per cent. I know of no credit union which finds it necessary to charge as much as 1% in respect of insurance.

Q. You are no doubt aware that the Canadian Federation of Agriculture has asked that the interest rate should be reduced under the act to $4\frac{1}{2}$ per cent. Do you think there would be any danger, if the regulations were changed so as to allow the credit unions to charge 1 per cent for life insurance, that the banks might adopt a similar practice?—A. You mean they might include insurance? It is quite possible that the banks would adopt a similar practice and in my view it would be a good thing if they did, because it would be a good service to the borrower.

Q. Yes, it might be, but on the other hand the farmers say that owing to the depressed condition of agriculture they are very keen to get interest rates down. They are asking for rates to be reduced to $4\frac{1}{2}$ per cent and if the banks adopt a similar practice to your own the farmers would have to pay 6 per cent instead of 5 per cent or the $4\frac{1}{2}$ per cent for which they are now asking. The farmers are not asking for the service but for a reduction in the interest rate.—A. I can only speak for the credit unions and for the farmers who find themselves in membership, but I think that the life insurance service—the automatic insurance on the loans—is one of the most popular services which credit unions offer and that this is one of the main reasons why credit unions are growing as rapidly as they are. Farmers and other appreciate this service and they are glad to pay the two thirds of one per cent, or whatever the cost is, and I presume that others, when they understand that service, would appreciate it as well.

Q. If a member already had life insurance would he have to pay that inclusive rate?—A. The credit union would apply the policy equally to all members. They would have to. A credit union would decide whether it is going to have the insurance or not, but I feel it would not be possible to discriminate between individual members.

By Mr. Charlton:

Q. Ordinary life insurance would not be of any value to the credit unions in any case, because they could not collect from the insurance company. They could only collect if the policy was made out to the credit union. Is that correct?—A. That is right. Also, this is a form of group insurance; that is why it is so inexpensive, and it would not be in accordance with the principle of group insurance to place it on one individual and not on another, because the tendency is for the persons most likely to need it to want the insurance.

By Mr. Quelch:

Q. In view of the fact that the loan is being guaranteed by the government, the credit unions would not need that additional security provided by life insurance.—A. The unions would not require it as much as the members would need it. The insurance is really for the benefit of the member but it also helps the credit union in so far as they are not faced with the unpleasant task of trying to collect from a family which may not be in a good position to pay.

The CHAIRMAN: Are there any other questions? Does that complete the presentation? Mr. Purdy?

By Mr. Purdy:

Q. Could the witness tell us if the farm credit unions are prepared to lend money to their own members only?—A. That is right.

Q. May we take it then that the farm credit unions are in a position to lend money to their own members?—A. Surely!

Q. And that they have plenty of finances?—A. Oh well, the situation in that respect would vary from credit union to credit union. Some credit unions have plenty of money all the time; some credit unions have not plenty of money all the time, that is, not enough to meet all the demands of their members; for example, during some seasons they are short of funds, while during other seasons they are long on funds. That is why the creation of a central group or society as a source of funds tends to average out the need for funds and the ability to supply funds in order to meet necessary requirements.

Q. If this provision were put in, then apparently it would be made use of only by a limited number of credit unions?—A. I think the answer to your question must be in the affirmative. It is pretty difficult to see just exactly which credit unions, or how many would avail themselves of the legislation at any early date.

Q. And they would be very apt to be the credit unions which now have substantial surpluses?

The CHAIRMAN: Funds?

The WITNESS: I am not quite sure that I follow that line of reasoning.

By Mr. Purdy:

Q. If credit unions are going to use these facilities, if they are given to them, would it not naturally follow it would be those credit unions which presently have substantial surpluses which they wish to lend out?—A. Of course this proposed legislation does not make money available. It just

guarantees loans made under certain conditions. So that the first thing that the credit union has to have is the funds to make the loan in order to use this legislation. I think that is fairly obvious.

Q. It first has to make the loan in order to use this legislation?—A. That is right.

Q. Would you be in favour of what the farmer's federation asked for, namely, a reduction of the rate of interest to $4\frac{1}{2}$ per cent?—A. I think we cannot answer that question right away. All we wish to have is the same opportunity to apply the act which the banks have. We have no comment to make on the interest rate because we have not considered it. We were assuming a rate of around 5 per cent, but if the rate were reduced let us say to $4\frac{1}{2}$ per cent, we would want to go along; or if it were raised to $5\frac{1}{2}$ per cent, we would want to go along, but as far as the interest rate in the act is concerned, I would not be authorized to make any comment on it because we have not considered it. That would be more of a question of public interest.

Q. And you still think that you should have it as a necessity that your borrowers pay whatever be the rate, and approximately one per cent more in order to borrow from credit unions including life insurance, than they would under the proposed bill?—A. I am not happy about that word "necessity". We would like to have it provided for in the act, and I believe it is provided for in the act as it is presently drafted. But each separate individual credit union would decide if it wanted to extend insurance on loans like this. In their own interests they would decide that point and I think they should have an opportunity to include a charge for insurance if they wanted to do it.

Q. I am coming back to the question which I put to former witnesses; do you think there would be any difficulty in getting the total, if they went back, under the same conditions as the banks, as to percentage; with respect to the amount of loans outstanding and the percentage to which the government would be liable? Do you think there would be any back lag there which would perhaps make it very difficult for the legislation as to percentages and the amount of loans, whatever they reached, if every credit union in Canada was privileged to lend money under this act?—A. I must say that I do not quite follow your question.

Q. Well, let me put it this way: the banks are bound with an overall amount?—A. Yes.

Q. And the government guarantees it up to 10 per cent on losses, to any one bank.—A. Yes.

Q. If you increase the number of loan-outlets many times—A. Potentially that is right.

Q. Do you think there would be a back-lab there, and that these figures—dare we now say—might get out of bounds with more money than parliament says, or the percentage of losses which the government might have to face would be greater than was intended, and you would be faced with that coming in with new legislation?—A. I think, Mr. Chairman, that would be a matter for the administration of the act, really. Actually the situation might be in favour of the government as a guarantor, because the 10 per cent as established would apply to each individual credit union designated as a lender under the act. Instead of taking into account the loans made by all the branches of any one of the banks, it might be a more highly decentralized operation, and therefore it would be easier to watch it.

Q. If it was going to apply, during the first several years, some pooling of resources of the credit unions to make up the losses might be required because one credit union might make one loan, and thereby lose everything. But under your suggestion the government would be only liable for 10 per cent of that loan, while the credit union would be liable for the remaining

90 per cent.—A. I assume it would apply to a loan made by each separate lender. In one case it is a bank with a hundred branches, while in another case it is a local credit union designated as a lender.

Q. I think it is something to be explored very carefully because the mechanics of it would be difficult to work out.—A. This is just my own comment. It has not been discussed, but I think we would prefer it if the 10 per cent were applied to all the loans made by all the credit unions, just as they applied it to all the loans that are made by all branches of some particular bank. That would be a greater advantage.

Q. To do that you would have a tremendous job in getting these crop reports in to the individual unions. Have you got the mechanics to do that now or would you have to charge a higher rate in order to provide that facility?—A. Our credit unions—or a great number of them—operate quite efficiently and I do not think there would be too much difficulty in providing the necessary information.

Q. We are all interested in getting farm credit down to as good a short loan basis as possible, and if credit unions have money to lend and can, in their opinion, lend it to advantage to the farmers, they should be allowed to do so, if we can work out the mechanics.

The CHAIRMAN: Now, Mr. James.

By Mr. James:

Q. Do you not think that your credit unions, or some of them, would find it necessary to charge more than 5 per cent on loans were it not for the money they make from it on the insurance angle?—A. Mr. Chairman, the rate of interest charged by credit unions varies widely, of course. They have it pretty well within their own hands subject to the overall ceiling for credit unions in the various provinces. The rate runs from 5 to 12 per cent, or one per cent per month on unpaid balances. I am not sure that I follow your question any further than that.

Q. My question is this; you are supporting the funds of your credit unions or the profits they make, if I may put it that way, from your insurance scheme. Is that correct?—A. The company which provides the vast majority of this insurance service is the C.U.N.A. Mutual Insurance Society which is owned and operated entirely by the credit unions and it is operated on a mutual basis. If the rate charged proves to be unnecessarily high, they refund it to the policy holder which in this case is the credit union. So the credit unions themselves have some small income from that source, if you care to regard it as income. It is not very much, and if the rate proves over a long period of years to be too high, then the rate is officially adjusted downwards in that case in order to be more realistic as an estimate of costs, and the credit union does operate on cost of service. It charges 6 per cent, or 12 per cent, or whatever charge it decides, and if it has some income from insurance, it is income. But at the end of the year the members in annual meeting decide what will be done with any surplus. They may pay out part of it as dividends on shares, or interest on deposits, or part of it may be repaid as a rebate of interest on loans.

Q. It would be income, and it could be added to your general funds or used for other dispersal to your membership.—A. That is right.

Q. Or used to increase their capital. For instance, if the loans had not been repaid as fast as they should have been, perhaps that income from 5 per cent or whatever they are charged would have to be increased, I think that would be a natural assumption, would it not?—A. You mean it would cover bad loans? The rate of interest would have to be increased if a loan extension was not given?

Q. If you did not have this insurance revenue, you would naturally have to find money somewhere else with which to pay dividends to your shareholders, or to take care of the cost of the loans.—A. I doubt if that would follow because I think—we do not like the term “selling insurance”, within the credit union movement—but there is some sales cost nevertheless. Premiums on the insurance are paid monthly in terms of outstanding balances, so some work is involved. The credit union might not be any better off even with the rebate of premium. But never having been responsible for the operations of a credit union I am not too sure on that point.

The CHAIRMAN: Are there any other questions? Mr. Nicholson?

By Mr. Nicholson:

Q. I have a few questions to ask, but before I raise them I would like to follow Mr. Purdy's question. When the committee met on Friday it appeared as if there was some contradiction in the things that we were asking. Those from the west have been arguing that the farmers are in a very critical financial position, and it was also said that the credit unions are in a sound position.

I have brought along the annual financial statement from my own credit union, which is a very small one; and Mr. Mang could give a statement for his, the Sherwood in Regina, which is a very large one. But the little credit union at Sturgis was promoted by our local Roman Catholic priest in 1939. The bank had pulled out about 20 years previously. I must confess that it was thought to be a pretty foolish idea for the people living there to start running a bank. But I find that since 1939 this credit union has lent \$400,000 to its members and I was surprised to find that at its annual meeting they reported cash on hand in the amount of \$2,140; that they had in the bank \$11,336, that they had in the credit society in Regina \$5,839; and that altogether they had about \$18,000 on hand last December which could have been lent. But the farmers were in the same sort of position that we were in. We had 20,000 bushels of grain on hand which we could not sell. That grain is still on hand and we have not sold a bushel of last year's wheat. On the other hand we have had expenses in the form of taxes, \$2,800; and fertilizer \$1,500, to mention but two expense items and although we have had these necessary expenses we have not been able to sell any of our 1955 wheat.

The farmers in that community are in the same position. Although their credit union has about \$18,000 which they would like to lend out at 6 per cent, the farmers are not going into debt to their own local credit union any more than is absolutely necessary until they know where they are going to sell the wheat and when.

I have the annual report for the Saskatchewan Co-operative Credit Society. This is a central society which represents Mr. Mang's, my own, and other credit unions in the province. Province-wide they have about \$4 million available for investment. But this is money that the local co-operatives, or credit unions, make available to their central organization, and the central organization does make money available to the locals when they need it or to the co-operative organization. I think that if the situation goes on and if we are unable to sell some of the grain on hand and should have a two-year crop on hand next year, that we should have a similar guarantee to the banks so that if our local credit union does lend money to the farmers for farm improvements for new machinery—and the Sturgis union does get in a position so that a fairly large percentage of their assets are tied up in farm improvements—that it will have the same guarantees as the banks. The banks have not called on the government to any appreciable extent because we have been in a very buoyant economy. But, if the next ten years provide a further

deterioration in farming operations all across Canada, I think it is only fair that the credit unions should do this type of financing for farm people and should have the same guarantee.

That was a long introduction to a question I am going to ask. We had a witness come on Friday, who gave the impression that this pressure is coming from Saskatchewan. I think that "vociferous" is the word which was used. Would Mr. Staples care to indicate—

Mr. BYRNE: Who used that word?

The CHAIRMAN: I think Mr. Gordon Smith on Friday.

Mr. BYRNE: It is a good word.

Mr. NICHOLSON: I do not think Mr. Smith wished to create the impression, but I think he did, and said that this pressure is coming from the Saskatchewan section of the credit union movement, implying that we are in financial difficulties credit unionwise there, which is not the case. Could Mr. Staples say something about whether or not he is speaking for the credit union movement in Canada, or Mr. Smith, and whether or not the request to have these changes is coming from a wider area than from Saskatchewan?

The WITNESS: Mr. Chairman, it takes both Mr. Smith and I to speak for the credit union movement in all its aspects. But the meeting which we have just concluded on Friday evening included official representatives of the credit union movement both from the provinces and CUNA. The cooperative unions in the provinces maintain the Co-operative Union of Canada. Also in the membership of the Co-operative Union of Canada is found a number of the co-operative international organizations. One of those international organizations is the Credit Union National Association which employs Mr. Smith as Canadian manager. The Credit Union National Association is entitled to one delegate at the annual meeting of the Co-operative Movement of Canada which we call a Congress. The decision in favour of the resolution which I read at the start of this presentation was a unanimous decision. You have Mr. Smith's evidence here to indicate that CUNA is in favour of this step. Now, I do not want to seem to minimize the importance of the support of the cooperative movement in Saskatchewan for this sort of thing. If Saskatchewan were to disappear from the cooperative movement in Canada it would leave a tremendous blank; but Saskatchewan, important as it is, certainly does not set the policies for the co-operative movement across Canada. The movement is very strong in other provinces, for instance, in Quebec. I could give one little piece of evidence to show that others who are not Saskatchewan people, are very interested in this. We had to work fast, and we appreciate the co-operation of the chairman and the members of this committee. As I mentioned, Senator Vaillancourt appeared in support of amendment or change in the Fisheries Improvement Loans Act a year ago. We had not had opportunity to discuss this with Senator Vaillancourt after the resolution was passed last week and so two of our delegates went on Saturday to Quebec city to talk with the Senator. The delegates who were emissaries to Quebec happened to be people from British Columbia; they were from the British Columbia Central Credit Union, Mr. Bentley, President and Mr. Robinson, Manager. While Senator Vaillancourt is not here, and will speak for himself, I do have a wire from Mr. Bentley saying that the Senator assures support of the Caisse Populaire movement in this farm legislation. I think that that is some fairly good evidence that the interest in this is not by any means all from the province of Saskatchewan.

The CHAIRMAN: I do not think, in fairness to Mr. Gordon Smith, that he quite said that the interest all came from Saskatchewan. We were dealing

with the question generally, and he inferred that Saskatchewan and another province—at any rate those who had the largest surplus of money on hand—were naturally the keenest to get this through.

Mr. SMITH: (*Battle River-Camrose*): Were we not told on Friday that the Alberta union was opposed to coming in under this particular legislation?

The CHAIRMAN: I did not quite get that.

Mr. SMITH (*Battle River-Camrose*): On Friday were we not told that the province of Alberta was opposed to coming into this legislation, and I believe he also mentioned Manitoba.

The CHAIRMAN: I think he said something to the effect that Manitoba and Alberta—I am not sure that he said they were opposed but that they were not enthused. I think he may have said opposed.

Mr. NICHOLSON: British Columbia was indifferent.

Mr. CHARLTON: British Columbia was willing to go along if the prairie provinces wanted it.

The CHAIRMAN: That is the statement he made, that British Columbia would agree to go along if the other provinces wanted it.

The WITNESS: I would like to have an opportunity to see the evidence. However, I suppose that perhaps the members of the committee have not seen it either. As far as British Columbia is concerned, the man who made the full and complete presentation last year in favour of including credit unions in the Fisheries Improvement Loans Act was Mr. R. J. McMaster, the solicitor for the British Columbia Credit Union League. We certainly have no indication that the British Columbia Credit Union League holds any different view with respect to this legislation. On the other hand, evidence is that it holds exactly the same view and is enthusiastic about the inclusion of the credit unions. Mr. Smith, perhaps, is in a better position to know, but I am wondering if in his reference to Alberta and Manitoba he was making reference to the Canadian Co-Operative Credit Societies Act, rather than to inclusion of credit unions.

The CHAIRMAN: He was referring specifically to the inclusion in the Farm Improvement Loans Act.

Mr. CHARLTON: It is probably rather unfortunate that we have had some evidence that would lend ourselves to the belief, at least, that the inclusion under this act was not, let us say, unanimous all the way across the country. I wonder if Mr. Staples would care to suggest the greatest reason why credit unions want to be included in view of the fact that their losses, as we understood from Mr. Smith, were 1/10 of 1 per cent? They do give a service in the life insurance which is very good I would say. They are doing a marvellous job; but I am just wondering if the disadvantages of coming under the act in the way of bookkeeping, by unpaid executives in most cases I understand, would not probably more or less over-balance the advantages they might have from the guarantee.

The WITNESS: Well, it is very difficult for us, Mr. Chairman, to say what is the most important reason. We tried to outline a number of the reasons here in our presentation. I would think that another one could be added, which is implied, I suppose, in all of these; that is, that the credit union movement is pretty proud of itself. It feels it is offering a good service to its members and a service which is in the public interest and sees no reason why it should be at a disadvantage as compared to the branch of a chartered bank which may exist across the street or in the next town. I have heard the suggestion made by credit union people that their members would be quite justified in asking what is wrong about the credit union movement when the government will

guarantee, under certain conditions, a loan made by a bank and will not guarantee a similar loan made to a similar person by a credit union. That could be in the back of all our minds.

Mr. BLACKMORE: The impression I got from listening to the discussion with respect to Alberta and Manitoba's caution, shall we say, about going into this movement, was that they feared they would lose some measure of their local autonomy if they became involved in the whole scheme of things. What does the witness think of the possibilities in that respect?

The WITNESS: Mr. Chairman, it is strange to hear reports that people from Alberta are cautious in the business of financing and the extension of the credit system. However, I would like to emphasize a point which I did try to make more clearly a while ago. As far as we can see this does not prejudice the position of a credit union, because the credit union itself can decide whether or not it wants to use this sort of legislation; it is entirely permissive. It would not even affect very much the operations of the credit unions who use it. Credit unions are free to not use it if they do not want to. If a couple, or a dozen, or fifty credit unions are eventually using this act in terms of the next two or three years, or something like that, and it has some unfortunate effect on their operations, I would assume that they would be getting out of it as fast as they could and that there would be no others getting in. However, we do not anticipate that sort of thing.

Mr. BLACKMORE: I would say that the Alberta people generally are very cautious about centralized control. They have been fighting that for a long time, and because of that I think probably the witness could understand why he would use the word cautious in respect to the Alberta organization generally.

The WITNESS: Mr. Chairman, I would say that we would not want inclusion in this act to mean federal supervision or inspection of credit unions generally. Now, we appreciate the fact that there will have to be some connection between the local credit union and the federal authority; that was given a good deal of consideration in connection with the regulations under the Fisheries Improvement Loans Act. It needs even more consideration, I personally feel, in connection with this fact, but that is a matter of regulation. All that we are asking in terms of the legislation is the authority to include credit unions. As was made very clear in the evidence last year by Mr. McMaster's presentation and others, we feel that it is possible for the federal authority to establish the necessary connection and safeguards through the channels which exist already. We have the experience of the Fisheries Improvement Loans Act and the inclusion of credit unions in it, which is very limited, to go on.

If it should seem to some people that that sort of indirect connection with the credit union movement is inadequate, then we would want to take a good many looks at this before we went any further.

By Mr. James:

Q. One point which has been brought out by you and Mr. Smith is that by granting this and by including the credit unions under the guarantee, it would be a great boost to the prestige of the credit unions across Canada. I am wondering whether you feel that the credit unions would make great use of this legislation, to grant loans under it, or whether we merely will be deciding on whether we actually give the government stamp of approval to credit unions so that they may feel much in the same manner as a firm which feels it is a great asset for its product to have the seal of approval of "Good Housekeeping" upon it. Do you think the credit unions would make great use of this?—A. It is very difficult to say. I think what Mr. James calls the stamp of approval is very important. Perhaps the government of Canada could consider putting the stamp

of approval upon the co-operative development generally, to a greater extent than it has done. However, I feel that this is something with which we all have to experiment. The working out of a proper relationship, in this case between the local credit union and the federal authority in Canada, is an extremely important process.

Surely the credit union movement is not going to be debarred—just because of the exigencies of our constitution in Canada—from this kind of thing for all time to come? Surely it is not beyond our capabilities as Canadians to live within our constitution—which I think is the right one for Canada—to leave the credit unions entirely under provincial jurisdiction, and yet work out some proper connection between them and the federal authority which will permit them to do the things we ask, to widen their service, shall we say? By including these few words in this particular Act, you open the door for experimentation in that direction. I think that is extremely important and the most important point in this connection.

If circumstances change, as Mr. Nicholson suggests they may change, credit unions might find this extremely useful and might use it very widely; but as far as I am concerned I cannot foresee the extent of its use. We find already, after a very few months, that the fishermen's credit unions are using the act—some of them are—but there are not many fishermen's credit unions, as compared with farmer's credit unions. Therefore, I just cannot tell.

By Mr. Dinsdale:

Q. Under the fishermen's credit union, is there any inspection by the federal government, under the legislation?—A. I understand that the federal authority has that right, not under the legislation but under the application for designation which the credit unions sign. Under the terms of that application, I believe the federal authority has the right to come in and inspect the credit union. I do not see how we can object to that very much, but that is very different from asking the federal authority to set up a staff of a few people—perhaps a large number of people eventually—to ascertain directly whether this credit union or that one is a proper credit union to be designated a lender.

Q. Do you think that procedure would likely establish the pattern for this new type of legislation?—A. We are satisfied with the pattern under the Fisheries Improvement Loans Act, as a start, and we are thinking it would be adequate, if only permission were in the legislation, as we suggest in the proposed amendments, to work out the rest by regulation. The situation changes very rapidly in these social organizations and we cannot foresee, it seems to me, the requirements which would be necessary to qualify for designation clearly enough to put them in legislation—which can be amended only with some little difficulty. Regulations can be changed through negotiation with the administrator and the minister and with the representative of the unions and we think this way would be much better, for the time being.

Q. At the present time, you are quite adequately supervised by the provincial authorities, and that is the way you prefer to keep it?—A. That is right.

Q. Is there any limitation to the size of a credit union, or is it merely that you try to retain this idea of a community connection or community contact?—A. There is no limitation on the size of a credit union. Some of the industrial credit unions build it around the employees of a plant, and they are quite large. It is pretty difficult to foresee how a credit union serving farmers in a rural area is going to go beyond a certain size. They get fairly large, but still not large in the terms of having thousands and thousands of members, or anything like that.

Q. Do you try to retain the principle of close neighbourly contact?—A. Do we try?

Q. Yes?—A. Absolutely. That is part of what we call the educational features of the credit union movement, which are a very important part of its work. We try, certainly.

By Mr. Stanton:

Q. Is it not a fact that some credit unions are not so afraid of coming under the provisions of this act as they are afraid of the possibility that it might prove to be the thin edge being driven into their future economy, in years to come?—A. I think perhaps that is correct. It is possible that there are credit unions which have that feeling and credit union leaders who have that feeling. We think that the Canadian constitution is such that we just have to live with it. We would not want to change it—in this respect, anyhow. It has certain advantages and disadvantages and we would like opportunity to work through the disadvantages from the standpoint of clearing the road for the development of the credit union and the cooperative credit society movement. I am not sure that I am of much help on that question.

By Mr. Purdy:

Q. My thinking is that we all want to ensure that our farmers have the best credit facilities possible and have them available promptly and as easily as possible. You have said that, in order to bring the credit unions under this bill, if we put in the amendments you suggest, there will be a lot of work which will have to be done in order to work out the regulations. Now, as far as the banks are concerned, they have been working for years and I believe it has worked out very satisfactorily. Do you think that the making of this inclusion might retard the general operation of the act in any way?

You have also said that it is as an experiment. You have not as yet got the full benefit of the experience under the fishermen's end of it. I am just wondering why you thought it necessary to press this at the moment, until you could quote more definite experience under the fishermen's end of the act. I know that this act has run for five years and that it would be, perhaps, rather difficult to come back next year, after we have the fishermen's experience coming in. This thinking of mine is not meant to be destructive, but to see what your thinking is?—A. I suppose it is quite possible. You hardly know what would have happened if something else had not happened. It is quite possible that if this act had not been coming up for revision until next year we might not have tried to raise it this year—I am not sure on that—but the act is before you and we cannot let it pass without making our views understood.

By Mr. Cardiff:

Q. In your opinion, would it hinder the progress of the credit unions if the interest rate were reduced to $4\frac{1}{2}$ per cent?—A. I think the effect it would have would be that the number of credit unions to use the act would be somewhat reduced below what it would have been if the rate were 5 per cent. I do not think there is any difference in principle involved. Some credit unions who would have used it at 5 per cent would feel that they could not afford to use it at $4\frac{1}{2}$ per cent. I think that would be the only difference.

Mr. QUELCH: You certainly are not opposed to the interest rate of $4\frac{1}{2}$ per cent?

By Mr. White (Middlesex East):

Q. Regarding the inclusion of inspection, if this became a federal matter, my experience of inspection is that it eventually becomes direction and that is the very thing which some of the credit unions are afraid of. Is not that the case?—A. Yes, that could be the case. That is what some people are afraid of. Perhaps it is opportune to recall that the credit union movement in Canada is an international movement. I think that is the way it ought to be. I do not want to leave any doubts in the mind of anyone as to that. The international aspects are very important. Since it is an international movement, Canada in that total picture does not wield a tremendous lot of influence, as you can well imagine. The relationship between cooperatives and credit unions and government in Canada—in some cases it is not as good as we would like to see it—is, I think we can say, better than the relationship in some other countries, without being too specific at the moment as we do not want to be accused of being bad neighbours. It may be that that lack of good relationship, in countries not far from here, is in some people's minds. It is also true that in the United States there are two types of credit union. There is a federal credit union act, and under that act a credit union can be organized anywhere in the United States without reference to state authority at all. In addition to that, most of the states have, as we have in Canada, state or provincial credit union legislation. That is a situation which I would not want to see in this country. I think there are many leaders in the United States who would just as soon have it the other way, if they could change it now.

The federal legislation was introduced for what were believed to be very good reasons, but we do not need that legislation here. We have a credit union act in every province. We think it should be possible for the federal government to work, for most purposes of contact with the credit unions, through the provincial authority. In most cases they have fully fledged departments. In other cases, it would be a section of a department. They would be responsible for credit union operation and they would be gathering experience of the legislation. Surely it is not possible to suggest that the federal government has to duplicate that machinery, in order to make possible the things we wish in the finance field, because banking is a federal matter? It is a complicated matter. We feel we should have an opportunity of working on it first, with an over-all permissive authority to enter the field in a small way.

The CHAIRMAN: Mr. Staples, I am very pleased to thank you on behalf of the committee. Your knowledge and experience will be of very definite value to the committee and we appreciate your having come here this morning.

—The witness retired.

The CHAIRMAN: I have here a presentation from the Western Retail Lumbermen's Association. I received this letter this morning and I will read it:

Dear Sir:

Re: Farm Improvement Loans Act.

We are aware that the above act is presently before your committee, and would like to submit by means of this letter some observations based on the experience of the nearly one-thousand member lumber yards that we represent in western Canada.

We are very pleased that the government has seen fit to propose the continuation of the act for another three years and increase the maximum loan permissible to \$5,000.00.

We believe that the chartered banks have been too reluctant to make loans for long terms on farm buildings. Such reluctance is perhaps understandable because the taking of security on machinery is a comparatively simple operation. However, we believe that in western Canada the taking of a land mortgage is also a simple matter because of the Torrens title system which exists in each of the prairie provinces.

We suggest that some of the present restrictions could be removed e.g. allow the bank manager or an employee of the bank to witness signatures to a mortgage.

To obtain full usefulness of this legislation for the farmer we respectfully suggest:

1. That your committee give consideration to the encouraging of long-term building loans on the security of land mortgages.
2. That in order to bring these loans in line with present day building costs the maximum be increased to \$6,000.00.
3. We understand that the credit unions have suggested to the committee that they be included as lenders within the terms of the act. There may be some objection to credit unions being allowed to take security for loans on chattels as they do not have the advantage of section 88 of the Bank Act. However, we do suggest that the committee might consider it desirable to allow credit unions to make building loans secured by land mortgages. Credit unions then would be able to take the same type of security for building loans as the banks.

As stated above, we feel that there exists and always has existed a reluctance on the part of the banks to make long-term loans for farm buildings. We respectfully urge the committee to recommend that the banks greatly increase their participation in this particular phase of their lending under the act.

Respectfully submitted

Western Retail Lumbermen's Association

HECTOR J. CRAIG,

Secretary-Manager.

It is stated in another attached letter that, should any of the statements made require clarification or elaboration, we should not hesitate to address our requests to Mr. Craig. Are there any questions on that matter? The letter will be printed in the record.

I believe that completes the presentation to the committee. We are ready to go on with the act itself. Possibly we should meet this afternoon? There are several other committees meeting tomorrow.

Mr. NICHOLSON: How much hurry is there to get this matter through? When will printed copies of the evidence be available?

The CHAIRMAN: We do not know. They have been asked to get it out as soon as possible. There is no point in holding the bill indefinitely. We have heard the submissions already.

Mr. BYRNE: Has this bill been before the Banking and Commerce Committee at any time?

The CHAIRMAN: No.

Mr. BYRNE: Have we had any evidence from the officials of the Department of Finance?

The CHAIRMAN: The administrators of the act are here, or they will be here when we get on with the bill, to answer any questions. We will be taking the bill clause by clause. It is very short with really only two clauses, one to raise the sum to \$5,000 and the other to continue the act.

Mr. NICHOLSON: If the officials would be available, I have no objection to meeting this afternoon. Then we could delay a final decision until we see all the evidence.

Mr. BYRNE: I know the bill is a very short one, but this principle of getting evidence from persons other than bankers is an important one and we should get it.

The CHAIRMAN: I am not trying to rush the committee. The difficulties would be even worse tomorrow. I have been asked by many not to clash with the Banking and Commerce Committee, which is slated for tomorrow morning and again for Thursday morning and afternoon.

Mr. NICHOLSON: Have you any announcement as to when some of the other matters referred to this committee will be available? When is it proposed to have the members of the Wheat Board?

The CHAIRMAN: I do not know yet when other representatives will come to the committee. I have made enquiries on my own and I think it would not be advisable to ask them to come at this time. I know the chairman of the Wheat Board is out of the country, he has gone to Japan and will not be back until the end of May.

Mr. STANTON: Over the weekend, I had occasion to meet the president of the Concentrated Milk Producers Association of Ontario, Mr. Lowrey. Apparently he has been trying to contact some officials as they wish to make a presentation to this committee. He says that apparently they have not been contacting the proper persons, but they are very interested in making a presentation to this committee, sometime in the near future.

The CHAIRMAN: I hope you advised them as to whom they should contact, so that they will not have that problem anymore.

Mr. STANTON: I told them I would bring it out at the committee meeting here today and let them know accordingly.

The CHAIRMAN: So far, we have not had any request from anyone else.

Mr. STANTON: They must have contacted the wrong channels.

The CHAIRMAN: We will start on the bill this afternoon at four o'clock.

AFTERNOON SESSION

The CHAIRMAN: Order. We are ready to go on with Bill No. 208.

Before we proceed, I want to put on the record names of the persons on the committee on agenda: Messrs. Anderson, Argue, McBain, Mang, Pommer, Roberge, Smith (Battle Camrose), Gour (Russell) and myself.

We have the following witnesses: Mr. D. M. McRae, Supervisor of the Farm Improvement Loans Act and Mr. H. J. MacBurney, Chief Loan Inspector, Farm Improvement Loans Act. We will proceed with the bill and members of the committee may direct questions to Mr. McRae as we go along.

Mr. NICHOLSON: Would Mr. McRae give a statement in regard to the performance under the act? The last time, when the bill was up for amendment, there was quite a useful statement made of the record over a period of years.

The CHAIRMAN: Mr. McRae did not have any statement as such but I suppose he could give a number of figures, although I think we all have them in the annual report.

Mr. PURDY: Was there an annual report?

The CHAIRMAN: The last report out is the 1954 one. The 1955 report is being printed at the moment but Mr. McRae will give the highlights of the total amount.

Mr. PURDY: That is, the 1955 report?

The CHAIRMAN: He will give them for 1955.

Mr. D. M. McRae, Supervisor, Farm Improvement Loans Act, called:

The WITNESS: For the eleven year period ending December 31, 1955, a total of 535,229 loans were made, covering a volume of \$582,712,000. The losses for the eleven year period amounted in total to 585 claims, for a total in volume of \$285,000.

The CHAIRMAN: Is that the amount paid to the banks?

Mr. CHARLTON: That is over the whole period?

The CHAIRMAN: Yes, that is from 1945 to 1955 inclusive. Is that not so?

The WITNESS: That is right.

By Mr. Charlton:

Q. That was the amount paid to the banks, \$285,000. What was the actual loss?—A. That is the loss over the eleven year period—\$285,000.

Q. What was the amount of the loan that was not received?—A. You are talking about the outstanding amount?

Q. If the bank loss was only \$285,000, the loan is not guaranteed 100 per cent.—A. The individual loans are guaranteed to the extent of 100 per cent providing the bank's losses in the aggregate do not exceed 10 per cent.

The CHAIRMAN: In effect, the loans have been guaranteed, so the total loss was not 10 per cent.

Mr. QUELCH: In view of the fact that we have received a number of recommendations from the Canadian Federation of Agriculture and other organizations and it will not be possible to discuss those under the sections of the bill, what is to be the procedure? Is the procedure to be that, if we want to make any of the changes suggested by the Canadian Federation of Agriculture, we include them in the report as a recommendation?

The CHAIRMAN: I think the best thing to do would be to get through the bill and we can deal with that matter afterwards.

Mr. PURDY: Should we not let Mr. McRae finish his report? He has more figures.

The CHAIRMAN: Yes, but this is a matter of procedure. To clear up that one point, I think it would be preferable if we deal with the bill as it is and then other recommendations which the committee wish could be made following that.

Mr. QUELCH: I brought it up because we might be able to get Mr. McRae to deal with some of the recommendations by questioning, but are we to deal with the bill specifically or with the recommendations to the bill?

The CHAIRMAN: That is up to the committee. I think it would be easier—

Mr. PURDY: With all respect to Mr. Quelch, I think Mr. McRae should put on record now, along with the other figures, the amount of the loans outstanding at the present time. He has not given that yet.

The CHAIRMAN: I am sorry, there is a misunderstanding.

Mr. PURDY: It would keep this in order.

The CHAIRMAN: It is just a point of procedure. If we go on with Mr. McRae now, it means in effect that we will not deal with the other until after we have finished with the bill.

Mr. PURDY: Surely when Mr. McRae is about to make a statement of the present standing of these finances he should be allowed to finish and show what loans are outstanding at the present time—before he is interrupted.

The CHAIRMAN: We are cleaning up one point, as to what will be the next step. We are not really interrupting Mr. McRae: we are interposing a decision.

Mr. PURDY: I think he is interrupted, I am sorry.

The CHAIRMAN: I am throwing the suggestion to the committee that, in accordance with Mr. Purdy, we finish here with the procedure on the bill before us and then anything else can come up.

Mr. PURDY: It is not the bill. Mr. McRae was merely giving us a summary of the record of this legislation up to and including the year 1955. We were not touching the bill at all.

The CHAIRMAN: It is customary always to have a general review on clause 1 and that is what we are trying to do now.

Mr. PURDY: Can we not finish clause 1 without going into some other matter?

The CHAIRMAN: That is what we will do.

Mr. PURDY: Very well. I want to get the figures.

The CHAIRMAN: That is what I want also, and if the committee is agreeable, we will postpone the rest to the end.

Agreed.

By Mr. Purdy:

Q. What are the loans outstanding at the present time?—A. As at December 31, 1955 the loans outstanding were \$132 million.

Q. How much had been repaid?—A. The difference between \$132 million and \$585 million.

Q. How much of the \$132 million was collectable?—A. I could not say.

Mr. PURDY: Your figures are not very much use until you tell us how much of the \$132 million is collectable.

The CHAIRMAN: Wait a minute. Mr. Purdy, I think you will have to clarify your question. It is not too clear.

Mr. PURDY: There is a \$132 million outstanding. I am asking the witness if he has any idea how much of that \$132 million is collectable. It is a fair question.

The CHAIRMAN: No. I think you are under a misapprehension. The \$132 million is not loans in default. It is merely the amount outstanding.

Mr. NICHOLSON: Could we get at it from another angle? Of the total amount lent, what percentage to date has the bad debts been.

Mr. PURDY: \$285,000.

By Mr. Nicholson:

Q. Of the total money lent, since the act was first passed, what percentage has it been?—A. The percentage is \$285,000 over \$585 million. I believe it works out on a fraction basis of “.00 something”.

Q. It might be a fair assumption that of the amount still outstanding, it will all be collected roughly on the same ratio as the loans to date. Would that be a fair conclusion?—A. I do not think so.

By Mr. Purdy:

Q. There is a hard core of uncollectability left in that \$132 million?—A. I think the losses in the \$132 million outstanding are certainly percentagewise greater than the losses which have been incurred to date, but I think the paper is reasonably sound. As a matter of fact, of the \$132 million, a very large percentage of it is current loans, which today are due in the future.

By Mr. Charlton:

Q. Is there any of this \$132 million that is overdue now?—A. Yes.

Q. What percentage of it?—A. Overdue? I would say about 40 per cent of the total number of loans outstanding were past due on December 31.

Q. Some 50 odd millions?—A. That is right.

MR. PURDY: Some \$50 odd million. That is the point I was trying to get at, even if I approached it from the wrong angle.

By Mr. Byrne:

Q. That does not necessarily mean there will be claims put in for them?—A. In short term and intermediate lending you will always have a percentage of past due loans.

By Mr. Quelch:

Q. Most of that will be due to the banks giving extensions?—A. That is right.

Q. How much of the amount lent under the Farm Improvements Loans Act has been converted into farm loans?—A. A very small percentage.

Q. Have you any idea of the total amount?—A. I have not.

By Mr. Nicholson:

Q. At what point are these loans considered bad? How old do they have to be? What is the record, since the act was set up, of the point at which the banks make their claim?—A. As a matter of fact, of the loans which have been liquidated, I would say about 97 per cent are on the basis where farmers wash out or quit farming. There is always a percentage of those in any year.

Q. After two, three or four years, have you any pattern to follow as to the time which must elapse without payment before an application from the banks is considered?—A. We try to keep the banks in the picture. I think they want to keep in there just as long as there is any chance . . .

Q. How long do they usually keep these accounts on their books before they put in a claim for settlement from the treasury?—A. I would say they would keep them on their books just as long as there is a possibility of collecting. They do not make a claim until the situation is hopeless.

By Mr. Montgomery:

Q. You might say until the assets are exhausted?—A. Actually there have been only 500 and some claims. I think, as I say, 97 per cent of the 585 claims are cases where men have actually quit farming, and there is nothing left to do but liquidate the loan.

By Mr. MacLean:

Q. Mr. Chairman, these loans are secured. In these cases where they are not collected, does that mean that the assets that were pledged against the loan did not meet the amount of the loan, or does it mean that the bank did not take action to collect by repossession of machinery, or something of that sort?—A. No. The practice, Mr. MacLean, is that the bank liquidates the loan. Where we pay claims, those are cases where the security did not realize sufficient to take care of the outstanding amount of the loan.

By Mr. Quelch:

Q. Mr. Chairman, is it correct to say that these loans are secured? They are secured in so far as farm machinery is concerned, or livestock, in that way, but are they secured when the loan is for the purpose of improving buildings, etcetera, especially if the farm is mortgaged?—A. There are various types of security. They are all secured loans. The bank is required to take land mortgage security in every case where the loan exceeds \$2,000, or the repayment period exceeds five years.

Q. And under that?—A. Under that, section 88, security on farm implements.

Mr. PURDY: You cannot take security under section 88 on farm loans.

The WITNESS: You can take security on either—

By Mr. Quelch:

Q. I am not talking about farm machinery, I am talking about security on buildings.—A. You can take security on the collateral of—

By Mr. Purdy:

Q. You cannot take a chattel mortgage on farm implements. You can take section 88 on growing crops.—A. And on farm implements too.

By Mr. James:

Q. Mr. McRae, I wonder if you would comment on—and this is as a result of one of the questions here—in your experience, have you found that banks make as energetic an effort to collect the outstanding loan as they do on their own loans?—A. Oh, I would think so, certainly. We have had, I think, very wonderful cooperation on the part of the banks. I think the record of the legislation speaks for itself in that connection.

By Mr. Stanton:

Q. In other words, Mr. McRae, the banks are as careful on the loans—
—A. On an extension of credit?

Q. —as they would be if they were lending their own money?—A. You are talking now about an extension of credit?

Q. Yes.—A. No. I would say, with a guarantee, their policy is not the same as it would be in connection with direct loans. Naturally they would lend more freely because that is the purpose of the guarantee.

By Mr. Purdy:

Q. Mr. McRae, you have written off \$285,000 in claims under this act; but, should, by any kink of fate, 40 per cent of the loans outstanding at the present time—what you suggest as being in arrears—turn out to be bad, you would be pretty well worried, would you not, in carrying out this act, to see that you were not exceeding the 10 per cent of the general allowance?—A. Of

course, that is always one of our functions, but I certainly am not worried having regard to the state of our security. We have been lending, and the banks have been lending on the basis of very sound security, section 88 security.

Q. What does section 88 security cover?—A. Section 88—

Q. A few minutes ago you were going to take section 88 under farm implements. Is there anything else you are going to cover under section 88 besides farm implements?—A. I was really thinking in terms of farm implements, because 89 per cent of our volume of lending is for the purchase of farm implements.

Q. I think you will find that section 88 of the Bank Act only permits you to take security on crops and livestock. It does not permit you to touch implements at all.—A. When this legislation was put through in 1944 there was an enabling provision put through to the Bank Act allowing the bank to take section 88 security.

Q. Yes, but not on farm implements?—A. Yes, on farm implements.

Q. On farm implements?—A. Yes, for the purchase of farm implements.

Q. No. Were they not able to take a lien against farm implements, but surely not under section 88 of the Bank Act—I have been out of this game for a long time, but— —A. Yes, under section 88.

Q. Section 88?—A. Yes.

Q. On farm implements?—A. That is right.

Mr. PURDY: Thank you very much.

By Mr. Byrne:

Q. Would you say that this 40 per cent overdue amount is far above the normal amount overdue at any given period, December 31 in any year, or over the past 10 years of the operation? Is 40 per cent far above the amount?—A. I would say that certainly it is a higher percentage of loans in total as compared to the early years of the legislation, but from my experience it is about normal for this type of lending. There is always in this type of lending,—agricultural short-term and intermediate lending, you are always carrying a lot of past due paper.

By Mr. Nicholson:

Q. Mr. Chairman, do I understand that the percentage of the losses to date does not apply to this 40 per cent that is still outstanding? I do not know just how Mr. McRae arrives at his conclusion that the situation, as it is now, does differ greatly from the situation when the act was first passed. If our ratio was point zero zero something up until this year, but we now have 40 per cent of the amount outstanding that is overdue, and Mr. McRae said it would not be in the same category as in the past, I wonder what yardstick he uses in deciding how bad this total amount is? You said earlier we could not take the same percentage of our bad debts to date and apply it to the \$132 million outstanding. Could you indicate what percentage we should take and what is your reason for deciding we should think in terms of a new percentage from now on?—A. In the early years of this type of legislation the lending volume was very small, and I think it would be conceded that there was a combination of rather unusual circumstances in the years following the war. Crops were fairly good, prices were high, there was no marketing problem and our percentage of repayments was very high. But we are getting now into a phase of more normal conditions and problems are being encountered.

Q. If that is the case, how bad is "normal"?—A. I am not going to try and answer that. Certainly our losses are going to be higher. Losses have

not been normal for this type of lending. But if the banks continue to service the outstanding debt as they have in the past they should keep losses to 1½ per cent.

Q. With regard to these overdue accounts, are they spread across the whole country or are they confined, as Mr. Quelch has suggested, chiefly to the wheat growing areas?—A. As you will appreciate — One third of our lending volume was in your province up till 1954, so naturally our debt past due is heavier on the prairies than in any other part of Canada.

The CHAIRMAN: I think the committee has referred to outstanding accounts as "bad". I wonder if it is quite correct to use that term, because a large proportion of that figure would not necessarily consist of bad debts. The borrowers may have had an extension at the end of the three year period; the accounts may still be a good risk, except that the borrowers are not now in a position to pay them.

By Mr. Gour (Russell):

Q. Is it not right to say that when this started there were few loans made?—A. That is right.

Q. And since that time the business has grown bigger and bigger?—A. That is right.

Q. And you have begun to make loans not only in the west, but in central and eastern Canada?—A. That is right.

Q. And since then a lot of machinery of every kind has been bought. In my own district when times were hard people were not buying machinery, but when conditions improved they began to buy small tractors, and in the last seven years they have changed tractors three times. They start with what is called a small farm tractor, then they change to a big one. It is beginning, in my district, to become like the west; people would like to have large farms and make big money.

The CHAIRMAN: Can we go on with the bill now?

By Mr. Purdy:

Q. Will you please check, Mr. McRae, whether the banks are permitted to lend money on farm equipment under section 88 of the Bank Act?

The CHAIRMAN: We will have an official statement on that for you at the next meeting.

Mr. PURDY: Thank you very much, the question is bothering me.

The CHAIRMAN: I will see that you get the information, Mr. Purdy.

By Mr. Smith (Battle River-Camrose):

Q. I wonder if you could tell me, Mr. McRae, how much your estimate is at December 31, 1954? You say \$50 million at the end of 1955.—A. In round numbers, \$56 million at the end of 1954, and \$59 million at the end of 1955.

By Mr. Nicholson:

Q. Can you go back two years and give us the figures for those years? Has this been increasing?—A. No, I have not got those figures with me, Mr. Nicholson. I might give you some information that has a bearing on this, if you are interested. In 1953 loans amounted to \$98 million and repayments amounted to \$82 million in the calendar year; in 1952 loans totalled \$62 million and repayments \$69 million; in 1955 the amount loaned was \$69 million and

repayments were \$66 million. I think, if you look at those figures, you will see that we have not a great deal to fear in connection with the outstanding amounts, because the position is obviously pretty healthy.

By Mr. Purdy:

Q. I would be glad if you would clarify the amount outstanding at the end of 1955. At one point you said it was 40 per cent of \$132 million. Now you say it is \$59 million.—A. I was referring in the first instance to the number of loans outstanding.

Q. What is the actual amount overdue in dollars to the end of December, 1955?—A. Fifty-nine million dollars.

Q. Thank you. That is worse than the figure of \$52 million which I had in mind.

The CHAIRMAN: That \$52 million is for 1953.

Mr. PURDY: No. The witness said 40 per cent of \$132 million was overdue at the end of December, 1955—

The CHAIRMAN: I think, if I remember accurately, that Mr. McRae was asked what percentage of \$132 million was bad debts.

Mr. PURDY: No, no—overdue.

The CHAIRMAN: They are all overdue—the whole \$132 million.

Some hon. MEMBERS: No.

By Mr. Quelch:

Q. According to Mr. McRae's figures at the outset, there was \$132 million outstanding at December 31.—A. That is correct.

Q. In your last statement you said, I believe, that some \$60 million had been paid?—A. During the current year.

Q. How can it be \$69 million, or \$60 million, outstanding at one time and \$132 million at another?—A. No. \$132 million is the total outstanding at December 31.

Q. And the \$60 million is the amount overdue?—A. No, the \$60 million figure I just gave you is an indication of the state of the paper. The \$66 million is the amount which was repaid in the current year 1955.

Q. You gave two figures.—A. That is right. The amount lent in the calendar year—

Q. That was the amount lent during that year?—A. That is right.

By Mr. Charlton:

Q. The \$132 million is the total amount outstanding now?—A. That is right.

Q. And it may have been lent as far back as 1952 or 1953?—A. That is right.

By Mr. Nicholson:

Q. The most recent figures given by the witness are quite significant. They point to careful supervision of the amount being paid. Despite the fact that grain deliveries were very very low,—the prairie province farmers did manage to pay back almost as much as was lent in the last three years. The amount lent in 1953, the \$98 million, has been reduced to \$69 million. That seems to contradict what Mr. Gour tried to establish, that farmers are over-expanding and over-borrowing. I think that farmers are watching this very carefully and do not want to get into a position where they cannot meet their obligations.

Moreover, I think this is having a very serious effect on our eastern implement manufacturers. Surely when farm borrowings under this legislation have been cut almost 50 per cent from 1953 to 1955, I think it indicates there is no abuse of the legislation, and that there is very close supervision in order to try to get the farmers to pay for as much as they can, and to keep themselves solvent.

The CHAIRMAN: Shall we go on with the bill now?

By Mr. Purdy:

Q. I would like to have certain figures put on the record before we go on with the bill. I would like the witness to confirm these figures; we have lent under this legislation \$582,712,000 up to the 31st December 1955.—A. That is correct.

Q. And as at the 31st December 1955 there was \$132 million outstanding? —A. Right.

Q. Of which \$59 million was in arrears?—A. That is right.

The CHAIRMAN: Wait a minute, now just a minute!

By Mr. Purdy:

Q. Those are figures which the witness gave us.

The CHAIRMAN: \$59 million was the figure for the year 1954.

Mr. PURDY: And we also had \$285,000 written-off.

The CHAIRMAN: If you are to take the 132 million which is the figure up to December 1953, then the 59 million figure is the figure up to December 1954.

Mr. PURDY: It was in 1955, he said.

The CHAIRMAN: He did not deal with that point.

Mr. PURDY: O.K. ask him!

The CHAIRMAN: Isn't that right?

The WITNESS: That is right.

By Mr. Nicholson:

Q. That is in addition to the \$285,000 that the government has paid?—A. Oh yes.

Mr. PURDY: Thank you! I want to have those figures on the record before we get the wrong premise on the rest of it.

The CHAIRMAN: Shall clause 1 — payment of bank losses — carry?

1. Paragraph (d) of subsection (1) of section 3 of the *Farm Improvement Loans Acts* is repealed and the following substituted therefor:

(d) the principal amount of the loan did not at the time of the making of the loan, together with the amount owing in respect of other guaranteed farm improvement loans previously made to the borrower and disclosed in his application, or of which the bank had knowledge, exceed the sum of five thousand dollars;

Clause carried.

The CHAIRMAN: Shall clause 2 carry?

2. Subsection (2) of section 4 of the said Act is amended by striking out the word "and" at the end of paragraph (c) thereof, by adding the word "and" at the end of paragraph (d) thereof, and by adding thereto the following paragraph:

(e) the period commencing on the 1st day of April, 1956, and ending on the 31st day of March, 1959.

Mr. NICHOLSON: There is one question which has not been cleared up yet.

The CHAIRMAN: I think we did clear it up; it was in regard to whether we would deal with what is in the bill first, and then deal with the other things afterwards.

By Mr. Quelch:

Q. On clause 1, where did the main pressure come from to get the amount increased from \$4,000 to \$5,000? Apparently the farm organizations have not been making representations along this line.—A. I think the reason for it, or the thinking back of it is the fact that agriculture is requiring more capital each year, and we are finding with the \$4,000 limit that a lot of farmers are having to turn to finance companies, or to some of the implement companies for additional credit over and above what they can obtain under the Farm Improvement Loans Act, and of course at a much higher rate of interest.

Q. It seems to me that at this point we have got to take into consideration the recommendation of the Canadian Federation of Agriculture in regard to extending the time of repayment. They claimed that it was very difficult for farmers to repay the amount that they owed within a period of three years, when the amount of the loan was \$4,000; and if you increase the amount of the loan to \$5,000 it will make it even more difficult to make repayments within a period of three years. Therefore I think consideration should be given to whether or not we recommend that the period be extended to six years, if we are going to increase the amount of the loan.

The CHAIRMAN: I think it would be in order to discuss this point on this clause. Quite properly it may come up. It is a question of regulations; it is not a question of an amendment to the bill or to the act. It is purely a matter of regulations. I think the recommendations would come at the end, if any, but the matter could be thrashed out and discussed now.

Mr. NICHOLSON: At what point?

The CHAIRMAN: Right now.

Mr. NICHOLSON: When shall we discuss the proposals made by the credit unions?

The CHAIRMAN: We shall discuss them afterwards.

By Mr. Quelch:

Q. Could the witness say whether or not he foresees any difficulty in extending the period of repayment to six years on farm machinery, instead of three?—A. I would have to go back to the fact that the record of the legislation has been good, and I think there are two basic reasons for the good record; the first is the sound basis on which the banks are enabled to take security and the second is what I consider sound lending terms. In this particular field of implement financing—89 per cent of the volume is implement financing. It is to quite an extent an hazardous type of lending because depreciation on your security is very, very rapid. We set a term of three years, and that is one year beyond the term granted by the implement companies, I think, having regard to the rapid depreciation, especially of power machinery. If we are going to keep losses to a reasonable percentage, the terms must pretty well be confined to three years.

I think that the farmers purchases should be staggered; that is, in power machinery. A farmer should buy his combine and pay for it over three years, and then possibly buy his tractor; but he should not get tied up with an outstanding debt on his whole line of power equipment, because it usually leaves him in a poor trading position.

Q. Actually the method adopted by the bank is that the farmer pays one-third at the time of purchase.—A. Yes.

Q. And then he pays the balance in three payments; the balance is divided into three payments.—A. No. The banks can actually lend up to two-thirds of the purchase price, and they are in a position to extend the balance in three payments over three years, every twelve months; but in connection with a combine the practice is pretty well to provide for a portion of the first payment in six months out of the current crop.

Q. If the farmer goes to the bank in order to buy a combine, let us say, in August, he has to pay one-third of the price himself, and he is required to pay one-third of the balance after he has threshed his crop.—A. No. I would say that a farmer in good standing, if he wanted, could get the first payment extended over twelve months. But the general practice for a bank would now be to provide for a partial payment at the end of six months, and the balance or the first $33\frac{1}{3}$ of the balance, at the end of a twelve month period.

Q. Frequently a farmer, instead of being able to pay up one-third in cash, actually finances the cash payment through an implement dealer; I know that is done time and time again; they often pay a little and trade in something, and promise to pay the balance after the harvest. So he has a pretty heavy payment to make after the first year. I think there is a lot to the idea of the Federation of Agriculture's asking for payment to be extended if not for six years then for five years. With the price of the machinery and the insurance on the combine running from three to five, it is quite a heavy expenditure to be financed over three years.—A. First, the depreciation is very very high. From our experience the depreciation on a pull type combine in the first 12 months, after 1 year's use, is 25 per cent; on the self-propelled it runs up to 35 per cent. On a $\frac{3}{4}$ -ton truck, depreciation in the first 6 months, amounts to about 25 per cent. On trucks of one ton and over it amounts to 35 per cent. I think the terms to be sound have to be related to the depreciation factor. Apart from that, we do endeavour in financing this heavy-power farm equipment to have the buyer get as much of an equity as possible in the machine the first year, then the banks are in a position to go along with him in the event of a short crop or something happening to his crop. I would say that these machines pay off on the average over about a 5 or 6 year term. That is about the average in actual practice.

Q. That is the period of time the farmer takes to pay it off?—A. Yes.

Q. Then, would it not be better to have a longer period so that the farmer could have it paid off?—A. I do not think so. I think it would mean a greater increase in losses. I do not think anyone experienced in the field would suggest that you can finance farm equipment over a 6-year period. I think the losses would be much heavier.

By Mr. James:

Q. I have two questions, Mr. Chairman. Is the history of this understood to be that most of the equipment is not paid for in 3 years, but that there are extensions after the end of the 3-year period?—A. They are granted right along during the history of the account, but they will endeavour to get as much of an equity in that machine in the first few months as possible.

Q. Would an extension to 4 years be any help?—A. I feel that it would be a mistake. I believe it is much better to leave the terms as they stand and leave the regulations flexible so that a bank can grant an extension where the individual case justifies it. There has not been any trouble over extensions to my knowledge, during the history of the legislation.

Q. The other question I wish to ask is: you established that there is possibly a 25 or 30 per cent depreciation for the first year if you want to trade it in. I think that has been fairly well established for the average car as well. Would the second year be in line with automobiles also in that they usually want about 10 per cent depreciation for the second year; 25 per cent for the first year and 10 per cent for the second year?—A. From our experience the depreciation on some of the equipment is heavier than on cars. I would say that the second year for self-propelled combines, from our experience, is about 20 per cent, and the same on trucks, so that you would have a 55 per cent depreciation in 2 years.

By Mr. Gour (Russell):

Q. We have approved that they re-finance those loans for 4 or 5 years, after 3 years when they are not all paid—that is the banks?—A. Yes. A lot of the loans are re-financed but much the greater portion of them are just carried along in a default position.

Q. I am a dealer in those machines, and it is exactly as you said. I would not be in favour of a longer term, because you see in the case of the \$285,000 there would be no chance for the bank to repossess machines of farmers who are not good. The trouble with all these things is that some people are buying too much, are too lazy, are drinking, or are in bad luck; and we are trying to avert those things. I am in favour of bigger loans; because if the farmer is not able to find in his own judgment that he is able to get \$5,000 to refund it, then it is up to him not to buy. But some are in a position to get a bigger loan and it would be a great advantage for many many good farmers to be able to get a \$5,000 loan because they will find they are able to repay it.

I am selling over \$100,000 a year of farm machinery. Most of the farmers are reasonable and not too unlucky; and they pay. Some are unlucky, and the banks re-finance them and give them all the cash. If you make it too long then those who are unlucky, or who are no good, would be flying from my place to British Columbia in the night, and nobody would be able to find them.—A. That is right.

By Mr. Montgomery:

Q. I was going to ask if some of these loans are re-financed, and I understand they are.—A. Yes.

Q. In respect to this amount of \$285,000 that has been paid, will your reports show how much the loss has been apportioned to each province; that is, by provinces will it show the losses?—A. I do not think so. Our 1955 report will not show the provinces; but the losses are pretty well spread over the country as a whole. The losses have been so small that to relate them percentage-wise to the total amount loaned would not tell you anything.

Q. How about the loan itself by provinces? Would the report show the loans by provinces?—A. The total loans by provinces—yes.

Q. And then the percentage of losses run about even?—A. Yes.

MR. PURDY: Percentage to advances in each of the provinces?

THE WITNESS: Yes. To the amount borrowed.

By Mr. Byrne:

Q. I hope that you will excuse my ignorance, but this bill has always been before the Banking and Commerce Committee and is new to me. Is it a matter of policy, or, if not, will you tell me why this bill must expire every two years? If it is good policy to have the Canadian Farm Loan Act, why do we require it to be renewed?—A. I am afraid it is a matter of policy.

Q. Then, do I understand that a loan which is made one year after this act comes into force again would have to be repaid in two years?—A. No.

Q. It extends beyond?—A. Yes. You could extend it for ten years.

By Mr. Pommer:

Q. Mr. Chairman, in the Canadian Federation of Agriculture's submission, they suggested six years repayment with repayment of 30 per cent the first year, 20 per cent the second, 20 per cent the third, 15 per cent the fourth, 15 per cent the fifth, and in the last 10 per cent. Would the first 2 years' payment take care of the normal depreciation; that is, the first 2 years at 30 per cent and 20 per cent?—A. Oh, they might pretty well take care of the normal depreciation on a loan. I would imagine, on \$4,500 where you drop down by 30 per cent the first year and 20 per cent the second year, if you had to liquidate eventually that you would increase your loss \$600 to \$700.

Q. That occurred to me as a fairly reasonable proposition; that is, the suggestion by the federation of the 30, two 20's, two 15's and 10 for the last year. You think that the losses would be increased by that amount?—A. Yes.

By Mr. Charlton:

Q. I do not know whether you answered this. In how many cases have there actually been seizures by the banks in order to collect these?—A. It would be a very very small number of cases where there have been actual seizures. There have been a certain percentage of the 585 claims where banks have had to make a formal seizure. In the case of borrowers abandoning the equipment, they have to make a formal seizure under the procedure laid down in the Bank Act, under 89.

Q. You say it is a very small percentage?—A. It is very very small.

Q. They are inclined to extend the loan rather than make a seizure?—A. Yes. They are inclined to extend it. They have a guarantee and they receive 5 per cent interest.

Q. On top of that they probably feel that perhaps the loan could not be closed out with the value of the machine at the time they would seize it. Is that not true?—A. I do not think that would necessarily deter them from seizing it. I do not think a bank ever considers seizing unless it is a last resort.

By Mr. MacLean:

Q. Is there any regulation under which the method is laid-down by which the banks collect the yearly payment? I mean to say, can the bank have it divided into monthly payments if they wish?—A. Yes.

Q. They can collect in whatever fashion they wish?—A. Yes. In connection with certain types of loans we require them to be paid on either monthly or a quarterly basis.

By Mr. Purdy:

Q. Now, Mr. Chairman, I know that perhaps you will think I am taking up too much time—

The CHAIRMAN: You are quite welcome.

By Mr. Purdy:

Q. Mr. McRae, how long have you been in your present position?—A. Since the inception of the present legislation.

Q. Good. I am going to try to develop the program of "Exploring Minds". You have had a wealth of experience in this.—A. I do not know whether I have an exploring mind.

Q. But you have had a lot of experience in this?—A. In this field, yes.

Q. I would ask you this: although there is \$59 million of loans in arrears, what would be the actual losses on that?—A. I would answer your question this way, Mr. Purdy, that I think the losses under this legislation can be kept to about 1½ per cent.

Q. I am glad to hear that. As I visualize this thing, there is only one objective that the committee has, and that is to see that the farmers get proper credit at the very lowest possible interest rate.

I think we are all agreeable on that. Do you suppose that the reason why some of these farmers have failed or will fail to pay their obligations is lack of incentive, because they feel they have been charged too much interest and therefore they intend to abandon their operation and say: "Take it over and go your way, I have done the best I can." Do you think there are many farmers like that? Have you, in your checking on the banks, met farmers who are discouraged because they feel they are paying too much interest?—A. I would not think so.

Q. I was wondering if there were, as I was coming to this idea, which may be a crazy one. I was going to suggest that we must do everything possible to encourage our people to remain on the farm and to continue their farm activities. I intended to try to get you to come to the point as to whether it would not be in the interest of the economy of Canada to say to our farmers: "We will give you the money under the Farm Improvement Loans Act" or where we should say to the banks: "Lend the money at 4 per cent and we will guarantee you another 1 per cent in order to encourage our people to stay on the farms." It may be drastic, but I am wondering if, in your experience — you have had a lot of it — you think the incentive by that 1 per cent advance in interest, would encourage some of our people to stay on the farms. That is what we all want to do?—A. I am afraid that is in the field of the economist.

Q. Have you no economist in your department?—A. I do not think 5 per cent is a high rate of interest for loans of this kind.

Q. You think the rate of 5 per cent is not discouraging?—A. We cannot expect the banks to lend at less.

Q. I know you cannot expect the banks to go under 5 per cent, but do you think we would succeed in maintaining more people on the land if the government would say it would bonus the banks 1 per cent on the Farm Improvement Loans Act?—A. I will have to dodge that question.

Mr. PURDY: I have not been able to exploit it far enough but there is something in that point. We realize our farmers are up against a proposition in maintaining their equality with the rest of the country on our expanding economy in other lines. Can you give us anything which would help us to encourage our farm people—

Mr. CARDIFF: Change the government.

Mr. GOUR (*Russell*): In the '30's, we had no trouble in getting farmers. The people were all dying in the cities, as there was no work. I worked in the '30's at twenty cents a day—or a dollar a day. They were all on the farms in those days. It is quite true that, if we changed the government and had the same government as we had in the early '30's, the people would all return to the farms, as there would be no work in the cities at all.

Mr. CHARLTON: I could comment on that, but I do not think I will.

The CHAIRMAN: We had better get back to the bill.

By Mr. Charlton:

Q. You intimated a while ago that at least 75 per cent of your loans were for the purchase of equipment?—A. 89 per cent in volume.

Q. The other 11 per cent, I presume, is improvement to homes or buildings essential to the farm?—A. That is right. It covers livestock, electrification and buildings.

Q. Could it be arranged that the time be increased, as in the suggestion of the federation, for the improvement of homes or buildings or anything else?—A. We allow up to ten years for building loans or for the improvement or development of the farm, breaking and clearing of land and for livestock.

By Mr. Quelch:

Q. I should like a little clarification. Is the 5 per cent interest inclusive of all charges? Is there any charge for service or charges for drawing up the agreements?—A. It is inclusive.

Q. In the event of payment becoming overdue or extended, are there any changes in interest?—A. No.

By Mr. Purdy:

Q. Is there any charge for registration?—A. Yes. There is a charge for registration in connection with land mortgage but there is no charge for registration of a Section 38 security.

Q. Is there any chattel mortgage?—A. The banks do not take chattel mortgages.

Q. They told us the other day that the banks could take chattel mortgages on farm machinery?—A. They could take a chattel mortgage on farm machinery but then they take section 88 security.

The CHAIRMAN: We might as well take clauses 2 and 3 together, to extend the period to three years.

Clauses 2 and 3 agreed to.

Clauses 4, 5 and 6 agreed to.

Mr. PURDY: If we carry the whole amendment now, where do the representations in regard to credit unions come in?

The CHAIRMAN: I still have the title to put. It has not been carried yet. I will hold the title until we discuss the rest.

Mr. PURDY: If we have carried all those sections, how can we make the amendments asked for by the credit unions?

The CHAIRMAN: They do not apply to these clauses.

Mr. QUELCH: They have to come in as recommendations.

The CHAIRMAN: The other is an amendment to the act, not to the bill. We can come now to the recommendations. As far as I can see, the next step is to consider the report. That is where this inclusion will come in. We might adjourn and meet *in camera*, perhaps tonight, to consider the report.

Mr. PURDY: May I ask Mr. McRae one question?

The CHAIRMAN: Yes.

By Mr. Purdy:

Q. You have a certain organization set up for auditing and supervising the lending by the chartered banks under this legislation?—A. We have a very skeleton organization in Ottawa only. It is not decentralized. It is simply for the purpose of administration of the legislation?

Q. Did I not see an advertisement from the Civil Service asking for some inspectors under this Farm Improvement Loans Act?—A. We term the men who handle our work inspectors.

Q. Supposing the credit unions were brought in under this general act, would you have to increase your staff?—A. That would depend on their volume of lending.

Q. You would probably have to increase your staff, if the credit unions came in under this?—A. I think the answer depends entirely upon the volume of lending. Our staff is based on the volume of work which we have on hand.

Q. Would there not be certain inspections before these unions would be allowed to lend?—A. We have no inspection in so far as the banks are concerned. I do not know what would happen.

Q. We would like to see the credit unions brought in under this bill. What is bothering me is that if we should do so we might be putting a heavier load on the taxpayers of Canada generally, in order to accommodate a very small percentage of our farm population. The farm credit unions have never said they would be able to service a very great percentage of this type of loan. I am wondering whether you think it would mean a considerable increase in staff in order properly to service the small percentage of loans which the credit unions might make.

Q. You do not touch fishing?—A. Yes, I administer the fishermen's loans.

Q. You do?—A. Yes, sir.

Q. Did you find that increased your administrative problems?—A. The lending is obviously going to be very light in the fishermen's loans.

By Mr. Nicholson:

Q. That is the point I was trying to help Mr. Purdy on. I understand Mr. McRae does look after the fisherman's loans. It was provided last year that the credit unions could qualify. Could Mr. McRae indicate whether or not that provision has greatly increased the work of the department, or whether the personnel that he had previously was able to handle the additional responsibility?—A. Mr. Nicholson, it has not increased our work at all, for the reason that we have only made 25 fishermen's loans in Canada, so obviously it could not increase it very much.

Q. Before we finish with Mr. McRae, I have a little booklet here on fisherman's loans. I find that loans under this legislation go as far as eight years for the larger loans. Could Mr. McRae indicate why he would consider it good business that fishermen's loans extend over a period: for \$4,000, eight years; \$3,000, seven years; \$2,500, six years; \$1,500, four years; \$750, two years and six months, and smaller loans than \$400, over eighteen months? Would he indicate why he considered it sound to have these \$4,000 loans at a period of eight years for fishermen, and yet as far as farmer's loans he thinks three years is about as far as—

The CHAIRMAN: No, that is not correct. The farmer's loan is really ten years, except for farm equipment, which is three years.

Mr. NICHOLSON: Yes, for farm equipment it is for three years.

The CHAIRMAN: What is the question again?

By Mr. Nicholson:

What is the maximum period for which a farm improvement loan is made available?—A. Generally the bank can lend up to ten years, with the exception of loans for farm implements.

The CHAIRMAN: Can we meet tonight at 8.30 *in camera* to consider the report?

(Agreed).

The committee adjourned.

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HOUSE OF COMMONS

Government
Publication

Third Session—Twenty-second Parliament

1956

STANDING COMMITTEE

ON

LIBRARY
JUL 23 1956
UNIVERSITY OF TORONTO

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

Submission of the Interprovincial Farm Union Council

THURSDAY, JUNE 28, 1956

WITNESSES:

Representing the Interprovincial Farm Union Council: Mr. Jim Patterson, President of the Manitoba Farmers' Union; Mr. A. V. Cormack, President of the Ontario Farmers' Union; and Mr. A. P. Gleave, First Vice-President of the Saskatchewan Farmers' Union.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.,
and Messrs.

Anderson	Harrison	Murphy (<i>Westmorland</i>)
Argue	Huffman	Nicholson
Batten	James	Perron
Blackmore	Kickham	Pommer
Boucher (<i>Châteauguay- Huntingdon- Laprairie</i>)	Kirk (<i>Antigonish- Guysborough</i>)	Proudfoot
Bruneau	Laflamme	Purdy
Bryce	Leboe	Quelch
Cardiff	Legaré	Roberge
Charlton	Lusby	Robinson (<i>Bruce</i>)
Clark	MacKenzie	Schneider
Decore	MacLean	Smith (<i>Battle River- Camrose</i>)
Demers	Mang	Stanton
Deslières	Massé	Thatcher
Diefenbaker	Matheson	Tucker
Dinsdale	McBain	Villeneuve
Fontaine	McCubbin	Weselak
Forgie	McCullough (<i>Moose Mountain</i>)	White (<i>Middlesex East</i>)
Gingras	Menard	White (<i>Waterloo South</i>)
Gour (<i>Russell</i>)	Michaud	Zaplitny—60.
Harkness	Montgomery	

E. W. INNES,
Clerk of the Committee.

ORDER OF REFERENCE

MONDAY, June 25, 1956.

Ordered,—That the following Reports be referred to the said Committee:

(1) Report of the Canadian Wheat Board for the crop year ended July 31, 1955, tabled in the House January 24, 1956.

(2) Report of the Board of Grain Commissioners for Canada for 1955, tabled in the House February 21, 1956.

(3) Supplementary Report of the Canadian Wheat Board on the 1954-55 Pool Account—Wheat, tabled in the House June 12, 1956.

WEDNESDAY, June 27, 1956.

Ordered,—That the name of Mr. Tucker be substituted for that of Mr. Byrne;

That the name of Mr. Harrison be substituted for that of Mr. Studer;

That the name of Mr. Weselak be substituted for that of Mr. Goode; and

That the name of Mr. Zaplitny be substituted for that of Mr. Jones, on the said Committee.

Attest

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

THURSDAY, June 28, 1956.

(7)

The Standing Committee on Agriculture and Colonization met at 10.30 o'clock this day. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Argue, Blackmore, Bryce, Cardiff, Charlton, Diefenbaker, Dinsdale, James, Jutras, Kickham, Laflamme, Legare, Lusby, MacKenzie, MacLean, Mang, Masse, McBain, McCubbin, McCullough (*Moose Mountain*), Menard, Montgomery, Murphy (*Westmorland*), Nicholson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Stanton, Thatcher, Tucker, Weselak, White (*Middlesex East*), Zaplitny.

In attendance: From the Interprovincial Farm Union Council: Mr. Jim Patterson, President, Manitoba Farmers' Union; Mr. A. V. Cormack, President, Ontario Farmers' Union; and Mr. A. P. Gleave, First Vice-President, Saskatchewan Farmers' Union.

Agreed: That the brief of the Interprovincial Farm Union Council be printed as an Appendix to this day's Proceedings. (*See Appendix "A"*).

Mr. Patterson summarized the various sections of the Interprovincial Farm Union brief and, assisted by Mr. Cormack and Mr. Gleave, answered questions thereon.

At 1.00 p.m. the Committee adjourned until 3.00 p.m. this day.

The Standing Committee on Agriculture and Colonization resumed at 3:00 p.m., the Chairman, Mr. Jutras, presiding.

Members present: Messrs. Argue, Batten, Blackmore, Bryce, Cardiff, Charlton, Dinsdale, Gour (*Russell*), Harrison, Huffman, James, Jutras, Laflamme, Legare, MacLean, Mang, Masse, Matheson, McCubbin, McCullough (*Moose Mountain*), Menard, Nicholson, Pommer, Purdy, Quelch, Roberge, Stanton, Tucker, Weselak, White (*Middlesex East*), Zaplitny.

In attendance: Same as at morning sitting.

The Committee resumed consideration of the submission of the Interprovincial Farm Union Council, Mr. Patterson and his associates answering questions thereon.

The following documents were distributed:

1. "Appendix to the submission of the Interprovincial Farm Union Council".

2. "Parity Prices, the basic solution for Agriculture", prepared by Jake Schulz, Chairman, Interprovincial Farm Union Council.

Mr. Gleave outlined the matters referred to in the "Appendix" to the submission of the Interprovincial Farm Union Council and was questioned thereon.

The witnesses were thanked and permitted to retire.

At 5:08 p.m. the Committee adjourned until 10:30 a.m. Tuesday, July 3, 1956.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

THURSDAY, June 28, 1956.
10.30 a.m.

The CHAIRMAN: The committee will come to order. We have the Inter-provincial Farm Union Council here this morning and they are ready to present their brief. I believe you all have copies of the brief; if not there are some available here.

I want to introduce Mr. James Patterson of Manitoba who is president of the Manitoba Farmers' Union and who will deal with the brief in place of Mr. Schulz, chairman of the Interprovincial Council who is I believe out on the west coast and cannot get here for the presentation of the brief. Next to Mr. Patterson is Mr. Cormack, President of the Ontario Farmers' Union and Mr. A. P. Gleave, First Vice-President of the Saskatchewan Farmers' Union.

The brief is of some length and I think Mr. Patterson is prepared to give a brief summary of each heading as we go along. You all have copies and you can follow in your briefs if you wish; he will comment as we reach each heading of the brief.

Before we go on further, are there any questions? I should have asked that at the very beginning.

Well, then, in that case I will simply call on Mr. Patterson to proceed with the presentation of the brief.

Mr. James Patterson, President, Manitoba Farmers' Union, called.

Mr. POMMER: Mr. Chairman is it proposed to read each section?

The CHAIRMAN: No, I think Mr. Patterson will summarize it.

The WITNESS: I will, more or less, summarize it as we go along if that is agreeable. The brief is somewhat lengthy. But if you wish it read I would be very happy to read it.

Mr. WESELAKE: We shall consider it as read into the record, then?

The CHAIRMAN: We can have the brief printed if it is the wish of the committee. Is it the wish of the committee that we proceed on the basis that Mr. Patterson deal with each item?

Agreed.

The CHAIRMAN: We will print the brief as an appendix to the report.

The WITNESS: Thank you Mr. Chairman and gentlemen.

This is a submission to the standing committee on Agriculture and Colonization by the Interprovincial Farm Union Council comprising the Farmers' Union of Alberta, the Saskatchewan Farmers' Union, the Manitoba Farmers' Union, the Ontario Farmers' Union and the Farmers' Union of British Columbia.

This is the fifth successive year in which the Interprovincial Farm Union Council has appeared before the House of Commons Standing Committee on Agriculture and Colonization. As representatives of five provincial farm organizations, we wish first of all to voice our appreciation for the privilege of presenting the farm union viewpoint to this important parliamentary body.

As on previous occasions, our submission is confined chiefly to those items referred by the house to the committee for special study, namely: grain

marketing and handling problems, as contained in the Reports of the Canadian Wheat Board and the Board of Grain Commissioners. But, to support our specific recommendations on these matters, we wish first to deal in a general way with the economic position of the agricultural industry, and then present our viewpoint on those items that are under study and other factors that bear a close relationship to them.

In view of the fact that Canadian agriculture constitutes a most important factor in our national economy, we hope that this committee in its study of the various complex economic problems confronting this industry, in particular the marketing and handling of grain, will give more favourable consideration to our complaints as well as our recommendations.

Now, Mr. Chairman our first heading is: The importance of agriculture in our economic structure. We are pleased to notice in many fields the continued interest in and realization of the importance of agriculture and the increased realization that agriculture is basic to our national economy, perhaps to a larger extent in some areas—wheat more particularly—than in others; but we feel that the position of agriculture today has deteriorated as we shall attempt to show you to the extent that it has become a matter of serious concern, perhaps moreso in the west. And in that regard I will have to leave that point with Mr. Cormack who can probably bring you closer up to date with regard to the evidence, as we have it, from the east.

Going on to the unbalanced condition of our economic development we see that over the past 10 years there has been a tremendous growth, as we all realize in various economic fields. This degree of progress has not been shared by agriculture due, to some extent, to the restrictions on our export market and the deterioration percentage-wise in our share of the markets of the world. While industry in these last three years has expanded at a tremendous rate, agriculture has been gradually going back as far as our buying power is concerned, not only in marketings but also in the buying power of our commodities on the farms. You will note on page 3 we submit a table on the prices and purchasing power of a bushel of wheat, and you will see that on the basis of (1935-1939 buying power) the buying power of a bushel of wheat stood at 61 cents in 1954-1955. In view of the final payment on wheat it has increased slightly but that is the situation, generally speaking, as far as agriculture is concerned, and we are particularly concerned with regard to the west in endeavouring to find a means by which and through which we can improve our position.

Our problem today is not one of production. We are producing more of the best wheat in the world than is required. This is in effect the problem we are facing at the present time, that for every bushel of wheat and every pound of any other commodity produced beyond the basic day to day requirements of our local markets that slight increase, or guarantee you might say which we give to the consumers, reflects in a lower price returned to the farmers.

On page 4 members will find another table dealing with livestock prices in St. Boniface yards between 1951 and 1955. You will see that for all grades of cattle the average price in 1951 stood at \$27.40. In 1955 it dropped to \$13.95. The price for all grades of calves stood in 1951 at \$32.30 and in 1955 it had dropped to \$18.45. With regard to hogs the same situation existed. In 1955 the price for all grades was \$22.05; in 1951 it was \$30.85 and the price for sheep, all grades, fell from \$28.61 to \$15.35 in the same period.

This is also reflected in the eastern market to the same degree and the receipts with regard to cattle sales from our branches show that the position with regard to dairy and livestock has deteriorated considerably. In a note on dairy farming in the middle of page 4 we refer to the fact that the prices of whole milk and butterfat has not suffered a reduction in recent years.

However this is not the case in Ontario, I am informed. While we maintained our position in Manitoba, and in the west, Ontario since 1952 has suffered two declines in the price of whole milk—one of 10 cents per 100 pounds and a second of 7 cents per 100 pounds.

In the next section we say: agriculture has become the weak link in our economy. We have submitted some tables to illustrate this contention and perhaps I should refer to some of them particularly. Canadian business is, we are informed, enjoying a terrific expansion which is not reflected in agriculture. The combined net profit of 298 Canadian business firms in 1954 was only .4 per cent below that of 1953 and their earnings before depreciation interest and income tax deductions were down just under one per cent. Out of the 15 main groups the 7 which showed combined net profits represented metal, pulp and paper, public utilities, food stuffs, construction and lumber. All these had better net earnings in 1954 than in 1953. Only the textile group—29 companies—showed a combined net loss. Net profits of 17 pulp and paper companies on the other hand rose by 15 per cent. Within the group themselves 7 groups had more companies with net profit gains than reductions. As you go down and analyze this paragraph you will find that there has been a general increase in earnings and values reflected in these companies' operations.

We submit these figures Mr. Chairman and gentlemen to show as we have started out to do the position to which agriculture has gradually been reduced, and in order to emphasize the fact that we are looking today for a degree of stability in various ways which would bring agriculture back into a more favourable position and into a position where we would be able to make the contribution which we feel is essential to a sound national economy.

On page 6, referring to labour, we say that Canada's paid workers received \$12.8 billions during 1955 which is 7.5 per cent more than in 1954. Labour income for the construction groups increased 13.5 per cent; finance and services 9.5 per cent; distributive groups 6 per cent; and primary industries 3 per cent.

In comparison with those who profit from industry, those in agriculture have been caught between the iron jaws of rising cost and falling income. In 1951, farmers received 63 per cent out of every dollar spent by consumers on Canadian-produced food, but this ratio has continued to decline until in 1954 they only received 51 cents. In 1951, total consumer spending on Canadian-produced food was \$2,649 million, of which the amount received by farmers was \$1,660 million—but in 1954 consumers spent over \$3,066 million of which farmers received only \$1,573 million. So, in three years, consumers' expenditures in food increased by \$417 million, but farmers' returns fell by \$87 million in the same time.

We submit a table—table No. 3—which shows the farmer's share of the consumer dollar in 1951 to 1954.

Going down to the bottom of the page you will see there we have a table No. 4 which indicates de gross and net receipts and the ratio of operating expenses to gross income together with the percentage decline in net farm income since 1951. The position of western farmers in view of the grain situation has been even worse. The net income in 1954 has declined to one third that of 1951 while the ratio of operating cost for that period has increased almost four times. Details are given in table 5.

Going down to page 7, we say: if this destruction of our most important industry is not brought to a halt it will precipitate a crisis in agriculture that will affect our entire economy. This is a fact that we feel very strongly about and, under this heading, you will see that we have submitted information on the economic position of our country which indicates a general weakening, and even with the tightening up of controls to offset our gradual inflation we see that our position is not improving to any material degree.

In the *Financial Post* of April 14, 1956, there is the statement that in 1946 the liability of every Canadian to foreigners was \$309; but in 1954 this had risen to \$434 per capita. Mortgage lending by the banks has increased to a terrific degree and we find that, coming down to the actual consumer level—and here we feel that this reflects a weakness rather than a stabilizing effect—that instalment buying for the last quarter of 1955 increased by 21.4 per cent over the first quarter of the same year. Charge accounts increased by 19.3 per cent for the same period. But for the same period cash sales increased by only 3.4 per cent. It is estimated at the present time that more than one-half of total retail sales are on a credit basis. On instalment buying in the west—and I am speaking of the west particularly since I am from that area, and our eastern representative will probably verify these statements—we have reached the position today where a great many of our companies are depending for their mark-up, not on the price of the product that they turn over the counter, but on the profits from financing these instalment purchases. In other words, the percentage of profit reflected through financing has in effect replaced the normal business procedure in a good many of these areas.

You find that general loans by the chartered banks to business and the public are now 27 per cent higher than they were a year ago. Since December 1, 1955—when we had an increase in the interest rate supposedly to cut down our borrowings—loans have risen by \$460 million or nearly 12 per cent. In some cases we are informed that these increases have been up by \$50 million per week.

Those facts, Mr. Chairman, we submit in support of our contention that our problem today is not one of production in the west, it is an economic problem of finance on the farm and our marketing situation.

On page 9 you will find the heading "The attitude of the government". We appreciate very much the action that was taken when it seemed possible that agriculture perhaps would suffer a serious setback following the second world war, and we quote here the paragraph—referring to our Price Support Board—

The board shall endeavour to ensure adequate and stable returns for agriculture by promoting orderly adjustments from war to peace conditions and shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

Under the provisions of the act, Mr. Chairman, we have set aside \$200 million appropriated annually for price support. The sum of \$88,924,586 has been used since the act was established in 1946—of which approximately \$69 million was expended to combat the effect of the hoof and mouth disease in 1951—in which we suggest—while we believe the intentions of the Government were good—we are particularly disappointed in the application to the extent that we feel that the price support program has not done for agriculture what it was originally intended to do, and for that reason the agricultural economy has deteriorated to the position in which we find ourselves at the present time.

I now turn to the middle of page 10, the last paragraph before table VI. Most governments seem to have recognized by now that unstable farm income has been the major cause for economic depressions and therefore parity or partial parity price programs have been instituted in almost every civilized country. This statement is borne out by the following figures on wheat support prices in different countries. Under table VI you find that Canada has the lowest price in the world, and when we suggest at times that Canadian wheat should have a degree of support, or that we should enter into an expanded

program of sales which might entail some support or some element of competition between Canada and the United States, the general analysis is that the Canadian people would be foolish to attempt to compete on the world market with the United States treasury.

Mr. Chairman and gentlemen, I submit this morning for your consideration that what is suggested as an impossibility on the part of the Canadian people is recommended as being practical on the part of the Canadian farmers. In other words, the Canadian farmers have been carrying the load which it has been suggested would be impossible for the Canadian people to carry.

I now turn to page 11, "Parity price support policy needed". I would draw your attention to the second paragraph on the question of domestic wheat sales. We would recommend to this parliamentary committee that the price for wheat sold for consumption in Canada be increased by the Canadian Wheat Board to a parity level of \$2.20 per bushel for No. 1 Northern basic Fort William or at whatever higher level is determined as an equivalent price compared to the goods and services farmers must purchase.

You gentlemen realize that the price of our wheat on the Canadian market has been tied in with the price on the International Wheat Agreement, and we feel very strongly that while we are competing in Canada, and are operating under a very high cost economy, under a high cost production, we are required to maintain that level of income, maintain the standard of living on the farms, based on the price that we can receive in the world market from the people who live under a considerably reduced level compared to the standard in North America, and we accept the price that they are prepared or able to pay under their lower wage standards, and we bring that price back to Canada and submit to the Canadian people that that is all we can charge them for the goods that we produce in Canada.

I would suggest, Mr. Chairman and gentlemen, that the time is rapidly approaching, and if we should reach that time in the present crop year or in the next crop year when our total holdings of grain on the farm have been liquidated and put into sales position, we are satisfied that we will demonstrate very graphically the total decline that has taken place in buying power on the farm during the past years.

Now, until this total of grain has been moved it will not be possible for us to arrive at a definite figure; but we are satisfied that this will be, in the final analysis, a very revealing factor as to the buying power that is left on the western farms, and to some extent in the east as well.

Now I refer to the paragraph at the bottom of page 11. Therefore, at this time, when income from wheat has dropped off sharply, it would seem reasonable to put the price of wheat on the domestic market at an adequate level. In the light of the fact that an increase of 40 cents per bushel of wheat would increase the cost of flour in a loaf of bread by only .54 or slightly more than $\frac{1}{2}$ cent, this legitimate request should be granted forthwith.

It is ironical to mention that while we are, in the city of Winnipeg, today paying a price of 1 cent an ounce on the average for bread, that the price on the British market is approximately somewhat less than $\frac{1}{2}$ cent per ounce. In other words, bread in Canada, where we produce the grain, is twice the price that it is over in Britain.

This prompts me to make one comment here—if you will turn to the table on the share that the farmer is receiving of the consumer dollar. I want to emphasize that the cost to the producer is not the biggest factor and the biggest obstacle in achieving a parity price for agricultural commodities. If the farmers in Canada, put no price whatever on the grain that they feed to their cows, it would not make a difference of 1 cent per quart on the price of the milk which you buy. I might give you one illustration of that to show that our distribution costs, or merchandising costs, are the biggest

factor. In the city of Winnipeg you can buy milk for 21 cents a quart, and you can buy the same milk in the Swan River valley, a distance of approximately 300 miles, for 19 cents a quart. You pay the same price in some cases, and a fraction less in rural Manitoba, than you pay in the city of Winnipeg for bread, but we are paying for an unreasonable and uncalled for expense in distribution. We could have full parity for bread in Manitoba—and perhaps we could say in Canada as a whole—and we could have full parity for every bushel of wheat used on the domestic market and there would be no justification for any increase in the price of a loaf to the consumer.

Now I come down to the heading "Reform of the Canadian Wheat Board marketing policy". This is on page 12. In this regard, I would only emphasize, as set out here, the need for every effort being made to maintain our export position and maintain our sales on the world market. We have lost our lead to the United States in our export sales. It is not possible, perhaps, for the Canadian Wheat Board to do the kind of a job that they are set up for and able to do unless some policies of the Canadian government are changed somewhat.

Down at the bottom of page 12 we have a table, No. VII, which is a reference to our tariffs. It is here that I wish to point out, somewhat particularly, to this committee, one point that is very often emphasized, that tariffs in the United States are higher than they are in Canada. I notice there, if you go through them, that some of the items which affect agriculture in Canada particularly—and I would refer to the one, malleable iron castings and if we follow that field through we would find that it applies to a great many other factors in our farm machinery in general where we have a difference of 10 per cent. While the tariff of the United States is 10 per cent, in Canada we have a tariff of 20 per cent for the same commodity.

Now I turn to page 13 and the heading "Additional grain storage facilities". We have still a congested situation in western Canada in a great many areas as far as our grain storage position is concerned. While there has been considerable relief in some areas—and this condition will improve in a good many more areas—there is every reason to believe that even with the best of luck and the maximum of movement that is possible, we will still have a considerable portion of western Canada which will finish up with a congested storage position.

We have recommended here that we build additional grain storage facilities. I would draw your attention to a reference in the press a few days ago to the effect that there is consideration being given, or a decision reached at by the Board of Grain Commissioners to discourage off-site storage for grain. I think that this is one point which deserves considerable analysis—very careful analysis—in that removing our grain from off-site storage will only aggravate the farm storage situation. Our storage position in the past number of years, as you will realize, has been totally inadequate and has brought us up to the position when last fall we were extremely concerned—and along with the farmer also the business men of western Canada particularly, business in all levels—when no grain was moving we made representation to the government to get a policy, or system, under which the farmers would receive some cash that would enable them to meet their obligations at least on the local level and keep normal business channels operating satisfactorily.

I now turn to page 14, "Permanent cash advances for grain". I am satisfied, Mr. Chairman, that this committee is well informed on all the pros and cons as far as the cash advance on grain is concerned. I appreciate that there has been quite an educational program—if we could put it that way—in bringing before the members as a whole the reliance of the western people on the movement of their grain from the combine.

I might say that we have at the present time a committee set up between the three western provinces which is studying this matter of a permanent cash advance policy. I am disappointed that we have not as yet had any recommendation from that committee. Consequently, it may quite conceivably come up at harvest time again this year with no definite recommendation. So, with that in mind, we have no other choice than to submit a policy which we strongly recommended last year for your full consideration in view of the urgency of the matter as we see it at the present time and the inevitable possibility that we will have to deal with the matter in a very realistic and practical way in the interest of western economy as a whole.

At the bottom of page 14 there is the heading "Inquiry into grain handling and grading". This is a matter which we have brought up before and, in view of changes in technique and in business management and so on, and the general operation in the handling of our grain, we submit here a request that a royal commission should be set up to inquire into all aspects of grain handling in Canada.

We feel, Mr. Chairman, that there could be some changes made, and perhaps some amendments, to the Canada Grain Act to bring it up-to-date.

I now turn to page 15 "Overages in country elevators". We had discussions with the Canadian Wheat Board and the Board of Grain Commissioners in this matter with a view to looking into the possibility of analyzing this situation on the local level. We do appreciate the change that has taken place in the general overage situation and perhaps we will ultimately get to a position where the full operation is above criticism.

Turning now to paragraph (b)—Box Car Distribution—we would again emphasize the importance of the policy that has been recommended before which, in general, comes down, to summarize it, to an alternative delivery point where we have one elevator in a community. That is the crux of the problem, gentlemen; we have considerable difficulty there, and the main difficulty centres on this single delivery point.

Paragraph (d) on page 16 concerns grade standards for screenings. We appreciate the change and the improvement that has taken place and it is appreciated by our eastern people who are the main purchasers of feeding products. The position has been improved considerably by the requirement that No. 1 Screenings should carry 35 per cent of other grains; we realize that in past years our market in eastern Canada has to a great extent been in jeopardy and we have not been doing too much about it, but in this last year or so we have seen evidence of improvement and we will be working on that line. But we would again emphasize the need for supervision by the Board of Grain Commissioners of the movement of grain in eastern Canada. We realize that no doubt this would entail a "hook-up" of the provincial governments of Ontario and Quebec but we feel generally, in the interest of the movement of our feed grain and the satisfaction of our customers in eastern Canada, that this is a matter which should be given some attention.

Paragraph (e), on diversion charges, still presents a factor to be considered, and in paragraph (f) we deal with the question of available space in elevators. I shall just leave that with the committee—it is there on record—and go down to the bottom of the page to the heading: agricultural imports.

We strongly recommend that this committee give full consideration to the position of Canadian farmers in view of the heavy importations of eggs, poultry, meats, livestock and livestock products not only from a standpoint of total supplies and their effect on our storage position but principally the impact on our total cash income through the lowering of prices to Canadian farm producers.

With regard to grading standards, there is keen dissatisfaction on the producer level regarding poultry grading. We are not satisfied that this is

attributed to a lack of confidence in government graders, but rather a lack of definite clear-cut standards, under which the graders could do a more effective job.

We request close scrutiny of grading standards, their interpretation and application at the producer level.

We would emphasize on page 17 under Agricultural Marketing Conference—which brings me back again to my opening remarks—that our marketing conference is today of more necessity, we feel, than a production conference. It is true that we have at all times to give consideration to our production in order that we shall be able to guarantee that the people of Canada may be supplied with food of the type and variety that they can rightfully expect the farmers to produce. The farmers are prepared to do that, and I think they have demonstrated their ability and willingness in this regard. But their efforts are curtailed to considerable degree by the policies which are in force in Canada today in so far as exports are concerned. We are in a vulnerable position as far as our trade, under the present tariff structure, is concerned. While industry is protected, generally, on one hand, the farmer lacks that degree of protection. Industry, when it reaches a surplus position, can turn a lock in the door until the surpluses are disposed of. Agriculture, as you will realize Mr. Chairman, cannot do that. We produce for the market and while we do attempt to produce what the Canadian market requires—and we have I believe done an admirable job in sticking very close to those requirements with regard to the majority of our products apart from grain, particularly, wheat—we have no guarantee that the market will be reserved to ourselves and we have no protection from other countries. Consequently our price structure and the sale of our products are contingent on the imports we receive from outside Canada, such as we have at the present time.

I think Mr. Chairman that covers the brief fairly well. I will not go into detail with regard to the last paragraph, but it is there on record and the information and the facts will I think justify our contention that a marketing conference is a necessity at the present time. I thank you.

The CHAIRMAN: Thank you Mr. Patterson. You will allow me to say that I know it is not easy to try to summarize a full brief of this nature but I think Mr. Patterson has done it exceedingly well. Has anyone any questions to ask?

By Mr. Robinson (Bruce):

Q. I would like also to commend Mr. Patterson for the way in which he has dealt with the brief and to put just a question or two to him with regard to additional grain storage facilities, mentioned on page 13. I may say for the benefit of the committee that in our district we are interested more in feeding grains than in other types, and it is a fact that the feeding grains which come from the west cost us a lot more in our district under the present arrangements than if there were an elevator close by. It was stated by someone who appeared before the committee a year ago—I believe it was in connection with the wheat pool—that they were all in favour of more cooperation and in their being more elevators in eastern provinces. My question to Mr. Patterson is: has the Inter-provincial Farm Union given any thought, or have they any hopes with regard to this question of erecting elevators in places such as Bruce county, for example, where we would want to have one? Such an elevator would not only help out in times of plenty when the storage problem is at its toughest, but it would also help in the disposal of feed grain in the most economic way. A.—Mr. Chairman in regard to the construction of space in that area this is a matter which we have thought of and discussed in detail with eastern groups to the point where we have given consideration to the soundness of the policy. I might go back to make some reference to previous discussions that were held

some two years ago and my analysis of the discussion at that time was this—the discussions were carried out during the western conference of the C.F.A.: there seem to be two schools of thought; the western representatives, the elevator people and so on took the stand that if you want facilities in the east you should be prepared to build them, but the eastern representatives took the stand that if the western producers wished to sell feed grain in the east they should provide storage facilities and make the grain available.

Now Mr. Chairman in the event that it should prove possible to work out some system whereby we could make these facilities available or assume responsibility to a considerable degree for those facilities, would it be reasonable to assume that the eastern people were to give us some assurance that they would make use of the grain that would be placed in those facilities? There is one problem in eastern Canada, as we see it, and here I could be corrected: the greater percentage of the eastern farmers buy their feed grain requirements on a day-to-day basis; and, supposing that we make that grain available, or set up storage facilities in some particular county, would we be doing the job in toto or would we be required to put in a feed plant in conjunction with that elevator and process that grain in order that the Ontario people could carry it away bag by bag as they are accustomed to doing at the present time? We realize that there are some farmers who would take a quantity of grain but I will remind you here that we in the west think that when a farmer is a fairly large operator in eastern Canada he should buy his feed grain requirements in carlot loads directly through the wheat board.

Q. That is what I am coming to. We can get our grain down there in carlot loads but it comes a heck of a lot more expensive than if it could be brought down along the lake and put into an elevator. I would not like to say how much more it costs, but I guess it would be between \$4 or 5 more a ton.

Mr. CARDIFF: Our difficulty in that area is that we cannot buy because it is too expensive. We are not kicking about what the farmer gets in the west; we are kicking about the difference in the cost—the difference in the price that it costs us and the price the farmer in the west receives. There is too much margin in there; there is something wrong. It should be possible to work out some method whereby eastern farmers would not have to pay that additional cost of moving the grain. As I say, the price is too expensive and we could use many more thousands of bushels if we could get the price down.

Mr. POMMER: I have a supplementary question to add to that. What is the "spread" between the price the producer in the west receives and the price the farmers pay in Ontario? Perhaps the honourable member who has just spoken can answer that?

The CHAIRMAN: The question is: have you any idea as to what the spread is?

Mr. CORMACK: Our price for No. 1 Feed oats in Arthur was \$60 a ton yesterday.

Mr. POMMER: How would you define feed oats?

Mr. CORMACK: It is about the lowest grade feed oats that comes from the west.

The WITNESS: That is not No. 1 Feed oats.

Mr. CORMACK: It is called No. 1 Feed oats.

By Mr. MacKenzie:

Q. What would that bring in the west to the producers?—A. That is a difficult question to answer at the moment. Our price has not altered materially in the west and we do not anticipate it will—we have in the past been getting around 63¢ per bus. for our oats of good quality.

The CHAIRMAN: But that is for 3CW?

The WITNESS: That is for the top.

Mr. ARGUE: What do you pay for feed wheat?

Mr. CORMACK: Feed wheat that I would consider wheat at all—this just does not even look like wheat—

Mr. ARGUE: What would you pay for a very low grade of wheat?

Mr. CORMACK: I think about \$66 a ton.

Mr. ARGUE: Then it is down quite a little; it was \$100 a ton.

Mr. CORMACK: I didn't know it had got that high.

Mr. ARGUE: A farmer out west would not get any more than 1½ cents a pound and you are paying 3 cents.

Mr. CORMACK: More than 3 cents.

Mr. ARGUE: Probably double.

The CHAIRMAN: Yes, but of course you must remember that when you talk in general terms of feed wheat that covers a pretty wide range of prices out west. There is no such thing as "feed wheat" being sold out west: it is either No. 1, No. 2, and so on up to No. 7—No. 1 Feed, No. 2 Feed, No. 3 Feed and so on; there is a difference between each, according to its quality.

Mr. CORMACK: No. 6 is about \$66 a ton, we shall say—

The CHAIRMAN: That could easily be checked. A few years ago—I think it was last year or two years ago—I remember that we went into this matter here in the committee, and if I remember accurately the price differential when you actually brought it down to similar grades was not exceedingly great. The trouble is that usually what is called "feed" in eastern Canada is screenings—it is not even wheat. Most of the feed is actually screenings.

Mr. CORMACK: That comes in two categories—you either buy No. 1 Feed screenings or you buy wheat—

The CHAIRMAN: That is true, but that does not mean anything in our terms; that is not a grade under the Canada Grain Act and it does not mean anything as far as we are concerned in the west. It may be half screenings, because when you buy western wheat you actually get wheat, and when you say "this is not fit to be called wheat" well, it is not.

By Mr. Cardiff:

Q. One trouble is that the Wheat Board has been cluttering up the storage space with feed wheat that should have been taken out in order to make room for the higher grades of wheat. However, the storage space is all cluttered up with this feed wheat which should have been put on the market and sold instead of being held there, taking up space that should have been available for the good wheat.—A. That would not make any difference, Mr. Chairman in the final analysis because all that wheat goes into the terminals under grade and comes out of the terminals under grade. As I understand it there is nothing to prevent a dealer in the east buying, say, 50 tons of No. 5 wheat and maybe an equivalent amount of No. 1 screenings and dumping them into the same bin. It might come out as feed wheat in eastern Canada. I am just assuming that that could happen because some of the samples we have received of the material which has been bought certainly does not do justice to western feed grain.

By Mr. Tucker:

Q. Has not the western wheat pool been pretty helpful about this, and have they not taken the attitude that the farmers who feed this grain in eastern Canada should form cooperatives to buy the grain and handle it, if they feel

there is undue "spread" in prices? You probably know of any attempts made by cooperatives to handle grain bought on behalf of farmers in eastern Canada?—A. No, there seems to be a hesitation in Ontario in assuming that degree of responsibility. That is what we would suggest, however, as a logical course of action and we would do that in the west ourselves if there was an undue spread.

Q. The western wheat pools have assured farmers down east that if they do that they will receive cooperation in every possible way?—A. Yes, and there was one occasion some years ago when they did set up some storage facilities or make a central point at which grain could be stored but evidently the experience did not prove satisfactory—the grain stood there and was not used.

Mr. MCBAIN: Mr. Chairman, Mr. Cormack said that in Port Arthur the price of No. 1 Feed oats is \$60 a ton. Is there any way of telling what the Wheat Board charges for this feed oats at Fort William?

The CHAIRMAN: We will get the answer to that when the chairman of the board is before the committee. He will be here next week. I think we had better leave that matter till he is present—he will have the figures. At the present time I do not think anybody is in a position to answer that question.

Mr. A. P. GLEAVE: Mr. Chairman, someone said a few minutes ago that the lower grade wheat should be sold. It is my understanding that the Wheat Board has pretty well sold the bulk of its lower grades of wheat. And I would think in the matter of getting this feed grain into position, looking at it from a business point of view, that if we as producers placed it there then we would have placed a certain quantity of grain in a certain position, that is, the Wheat Board would have placed a certain quantity of grain in that position available to buyers. If the buyers do not take it up they are faced with the proposition of moving that grain out of that position again, and they could take a loss in doing so; whereas if the purchasers, the people who wanted that grain, brought it down there themselves, then they would very likely use it because they would, in a sense, have bought it—taken delivery of it—and it would seem to me that the people there, either through their government or through a cooperative would be in a better position to protect themselves than we should be to protect them. And if, as we suggest here also, the Board of Grain Commissioners should see that that grade were sold it would also follow through to the producers. We do that in the case of grain exported overseas; that is the grade that the producers get, and that is the grade that the purchaser overseas gets because the grade is followed through—it is graded from the producer and the same grade follows right through until the purchaser takes delivery. And it would seem to me that we should establish a similar situation in respect to selling feed grain exported from the west to the east.

The CHAIRMAN: On that point the Canada Grain Act does apply all the way through the eastern provinces as well as the western provinces. It is just that the eastern farmer does not buy the grade. If he wishes to buy No. 3 or No. 6 wheat he will definitely get No. 3 or No. 6 wheat as defined under the Canada Grain Act. But the trouble is he may buy No. 6 wheat and then screenings, and mix them all up and sell the mixture as feed—No. 1 Feed, No. 2 Feed or No. 3 Feed, or simply as feed, and the Board of Grain Commissioners can do nothing about it; a farmer has not the protection of the act because he does not buy a grade named in the act.

Mr. ARGUE: That is the whole point of the suggestion in the brief, that the situation should be corrected by extending the act so that the grades should apply to the retailer as well as to the wholesaler.

The CHAIRMAN: It does apply.

Mr. ARGUE: You have just told us that it does not apply.

The CHAIRMAN: To feed it does not apply.

Mr. ARGUE: In other words to grades distributed under the Canada Grain Act as far as the domestic purchasers are concerned. When a man is in a position to order a large quantity he does so through the Board of Grain Commissioners and, as the chairman has said, he gets exactly the type of grain he orders. But the whole idea of this complaint, as I understand it, is that farmers who are obliged to buy in these smaller amounts do not know what they are getting—there is no grade on it.

The CHAIRMAN: That is true, but if a farmer goes to a distributor and asks for No. 2 Feed wheat the distributor has to supply him with No. 2 Feed wheat.

Mr. ARGUE: If it is No. 2 Feed what then you are protected under the Canada Grain Act.

The CHAIRMAN: Yes.

Mr. MACKENZIE: I gather, then, that it is the dealer who is responsible for this "spread". Is that the idea?

The CHAIRMAN: I think you have got to be fair. I think it has been brought out in previous hearings that many farmers did want screenings or, rather, that they did not want to pay the price of graded grain. It is a question of economics. They figured that the price of, say, No. 1 Feed wheat was too high and that they would rather buy a mixture known as "feed" for a lower price; they believed they were better off that way.

Mr. CARDIFF: In the first place, screenings are taken out of the grain as dockage in the first instance and the farmer in the west does not get anything for them at all. However, when it gets into the grain it is taken and sold as screenings—sometimes it is not even first class screenings, though it is sold as that.

An Hon. MEMBER: We buy it anyway.

Mr. CARDIF: It should never be allowed to go out of the west at all. It is taken off the farmer and dumped, and then somebody manufactures this damned stuff and sells it.

The CHAIRMAN: I am sure it is not quite as simple as that.

Mr. ARGUE: The net result is that.

The CHAIRMAN: The screenings come mostly from the cleaning of the wheat and, as a matter of fact, screenings are also defined in the act. Members of the committee will remember that last year the Board of Grain Commissioners said that they were tightening up the definition of "screenings". There must be a certain percentage of wheat in them—a certain percentage of broken wheat, and so on.

Mr. ARGUE: If a farmer in the west comes into an elevator with good wheat, grades 1 or 2, the amount of this mixture, or cracked grain in amongst his grain is noted, but he does not get a cent for it. If there is more they will call it cracked grain and he will get even less for his good grain mixed in with the cracked grain.

Mr. WESELAKE: I think the point is that in any grade, really, there is a certain allowance made for foreign material as dockage.

The CHAIRMAN: That is right.

By Mr. Argue:

Q. What would happen if you took in cracked wheat?—A. Your wheat is analyzed and you are paid for the wheat. Deductions are made in respect of any foreign material if the facilities are there or if the elevator is not crowded. Most of the elevators have cleaning facilities and you can sell your grain and

take your cleanings home or dump them in a nuisance yard. Unfortunately however our elevators have been so crowded that they have not room to clean any of that grain, so it comes in—it goes down to the head of the lakes and we do not get paid for the cleanings. There is no identity on it, but when the cleanings go down to the head of the lakes they are lost as far as the individual farmers are concerned. In the case of the pool elevator there is a consideration given for the screenings that get down to the head of the lakes.

Q. Who gets the money?—A. In the case of the pool elevators, I believe, the people who sell the grain. It does not go back to the individual; it is just reflected in the terminal earnings; there is some consideration for them in that way.

Mr. ROBINSON (*Bruce*): Does the producer get paid for wild buckwheat out in the west?

Mr. ARGUE: He gets a dirty look.

The WITNESS: It is one of the hardest things to clean out of the wheat.

Mr. CORMACK: I am glad to hear questions raised by our Ontario representatives, Mr. Cardiff and Mr. Robinson with regard to the "spread", because we farmers in the east have always felt we should have some means of getting our products more directly from farmer to farmer without having the cost of fluctuation in between.

Going back to this question of screenings, only last year we farmers had to accept anything up to $\frac{1}{2}$ per cent wheat in our screenings—No. 1 Feed screenings—under the Canada Grain Act. Feed screenings could contain 98 per cent of wild buckwheat and other grains. Our interprovincial Farm Union council made representations last year to the Board of Grain Commissioners; and by some means grade standards have been changed and they cannot ship us less than 35 per cent wheat now, or other grain in No. 1 screenings. It must be 35 per cent, and that is quite an improvement, but they are defined separately as screenings.

I am interested too in a means by which the eastern farmers can produce grain from the western farmers without having to assume that fluctuation that takes place.

The CHAIRMAN: You mean the price spread?

Mr. CORMACK: Price fluctuation. For instance the recent boat strike caused our price to increase by at least \$10 a ton.

Mr. ARGUE: That was the local dealer doing that. I do not think the Wheat Board increased its price.

Mr. CORMACK: Not exactly. This \$60 price I quoted on No. 1 Feed oats—I have talked with our Co-op. They showed me that their operating ratio—in other words, their profit—did not increase.

Mr. WHITE (*Middlesex East*): Mr. Cormack, what was the spread? I think that on page 6 Mr. Patterson dealt with the decreasing amount of the consumer dollar which the farmer gets, and I think the same thing applies to feed grain. I am not certain what percentage of the feed grain that is handled in Ontario is handled through farmers groups, but it is a large percentage in our area and I think that pretty well every town and village has farm co-ops which deal with greater or lesser quantities; but the crops in Ontario vary from year to year. What I am coming to is this: have you any knowledge of any purchases by Ontario farms of carloads of feed grain through the Wheat Board direct?

Mr. CORMACK: As a matter of fact our union purchased six carloads two years ago through the Wheat Board. Actually we do not buy it from the Wheat Board—we get a requisition from the Wheat Board and we buy the grain from a broker. The board is simply an agency which gives us permission to buy.

I do know that some of our local people have purchased grain direct, but one of the unfortunate conditions with regard to agriculture in Ontario today is that there are so many farmers who cannot afford to buy a carload of grain because of the depression in the prices realized on their livestock. I think that people in the west should try to understand why we have this problem. Yet there are instances where individual farmers have purchased grain direct through the board.

The WITNESS: What difference does it make—the difference in the price on the eastern market at the time you bought that grain?

Mr. CORMACK: I am suggesting it would be about \$5 a ton.

The WITNESS: That was the price fluctuation?

Mr. CORMACK: I am not talking about the fluctuation—the fluctuation would be hard to arrive at.

Mr. CARDIFF: You cannot buy direct? It must be done through the board?

Mr. CORMACK: Yes. That price fluctuation was largely in respect of course grain, purchased from brokers.

Mr. CARDIFF: We are not big purchasers of wheat in Ontario. We are bigger purchasers of barley and oats. There would not be much fluctuation in regard to wheat.

The WITNESS: As far as wheat is concerned the day to day fluctuations are very restricted.

Mr. CORMACK: It is the brokers who cause the fluctuation, I think.

The WITNESS: That is what took place this particular time but I do not think that will be reflected in the price to the board.

Mr. BRYCE: Let us go back to your buying the grain from a broker. Is there a difference of \$5 a ton through buying from a broker? I want to get that clear in my mind. Do you make \$5 by going to a broker instead of buying through the Wheat Board?

Mr. CORMACK: I am suggesting that in the light of some of the comments the farmers who have bought it. I do not buy it personally.

Mr. BRYCE: Can you buy direct, or must it be done through the board?

Mr. CORMACK: It must be done through the Wheat Board. You buy from a broker.

Mr. BRYCE: Then the broker becomes the parasite on the farm, again?

Mr. CORMACK: That is what I feel.

Mr. BRYCE: You could do without him.

Mr. CORMACK: That is what we would like to do. We would like to do our business more directly.

Mr. MANG: The co-op could buy directly from the Wheat Board, could it not?

The WITNESS: No.

The CHAIRMAN: On that point, I think the chairman of the Wheat Board has argued at a previous meeting that it could. As to the broker, you must recognize that he does give a service; he performs a service and if you do without him somebody else has got to do it for you—you have to make arrangements to buy the grain and bring it in; the Wheat Board cannot do that for you. If you are willing to do that, or if the co-op or another organization is willing to do that, then I think you can get permission from the board to buy direct. But there have been, I think, only two instances in the history of the board where this has been done.

By Mr. Roberge:

Q. Could it not be done directly through the banks? Could you not, for instance, give an order to the Royal Bank of Montreal and have it transferred? It would be the same procedure.—A. There would have to be someone at the other end who would undertake the work.

Q. There is an agent in Saskatchewan?—A. All the grain is sold through the exchange in Winnipeg.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, there seems to be a lot of confusion here. I think members of this committee will remember a recent Supreme Court decision in respect to a farmer wishing to ship a few bags of grain to a poultry farm in British Columbia. The fact is that no farmer can sell grain other than to another person in that province, and it has to come from the elevator. If a farmer has a quota which will warrant him a carload lot it is possible to get a release by the Canadian Wheat Board to ship a carload of grain, through a release of the Canadian Wheat Board, if it comes from an elevator; in other words no grain can be shipped except it passes through the hands of the Canadian Wheat Board. That is the reason why you cannot deal directly with the farmer and that is the reason why in 90 per cent of the sales a broker is involved. You have either to deal through a line elevator company, or a pool elevator in eastern Canada. It is just as simple as that.

Mr. QUELCH: There is one point that arises here which, I think, could be mentioned: a farmer can sell to a neighbour if the neighbour lives within the province.

Mr. McCULLOUGH (*Moose Mountain*): I said that.

Mr. NICHOLSON: This is my first year on the committee but it appears to me there is a regrettable oversight in the fact that neither the Minister of Agriculture nor the Minister of Trade and Commerce is here. I think that last year the Minister of Trade and Commerce intimated that he had not been invited to sit on the committee—

The CHAIRMAN: Before you go on any further I will point out that there is no question as to the Minister of Agriculture being here because this is not related to his department. This has to do with the Minister of Trade and Commerce—

Mr. NICHOLSON: I submit, Mr. Chairman, that the Minister of Agriculture has spent a good deal of time in the course of the estimates in discussing the general position of agriculture—

The CHAIRMAN: I should probably make it clear here that this whole discussion of the general economic condition of the farming industry is really not relevant to the reference we have before the committee. I did not interfere in the general discussion leading up to grain as such, but you must remember that our reference is very specific—it is the annual report of the Canadian Wheat Board and the report of the Board of Grain Commissioners. Anything apart from that is not really too relevant or does not come exactly within our reference.

Mr. NICHOLSON: It is my understanding we are now discussing a submission to the House of Commons standing committee on Agriculture and Colonization by the Interprovincial Farm Union Council and certainly this presentation deals with the general problem of agriculture. A section of that presentation deals, on page 4, with livestock prices—the prices of cattle, cows, hogs, sheep and so on, and I submit it is a serious reflection on this organization if both the Minister of the Department of Agriculture and the Minister of the Department of Trade and Commerce are missing from this meeting. While the members of this committee are sympathetic, we are not in a position to act on the

carefully prepared suggestions we have before us and I think the Minister of the Department of Agriculture particularly, who has placed on the record certain information regarding the prosperity of agriculture, should be here to have the opportunity of defending the position he has taken up previously—

An hon. MEMBER: We have his deputy.

Mr. NICHOLSON: But the minister himself is not here and I think that both the Minister of the Department of Agriculture and the Minister of the Department of Trade and Commerce should be invited to be present. If there are no liberal members who would give up their places to them, I would be prepared to do so on behalf of one of them. But the Minister of the Department of Trade and Commerce is, I think, responsible for the Bureau of Statistics—

The CHAIRMAN: I am sorry but I think this is out of order. The Minister of the Department of Agriculture is not a member of this committee. The reference before the committee has nothing to do with the Minister of the Department of Agriculture. He would have no more claim to be here than—if I may say so—any other minister of the cabinet. It just so happens that the brief deals with agriculture in a general way, but that does not change the terms of reference.

Mr. NICHOLSON: Mr. Chairman, I submit that the reference on page 4 of the submission to the position of livestock and the condition of the dairy industry vitally concerns the Minister of the Department of Agriculture and I think before we ask further questions both the Minister of the Department of Agriculture and the Minister of the Department of Trade and Commerce should be invited to be here in order that they might have the chance to discuss the brief. I think it is a great pity they are not here. On page 6 of the submission, for example, we find a table giving the ratio of operating expenditure to income for the period 1951 to 1955—that is statistical information which is very different from the statistical information which both the Minister of the Department of Agriculture and the Minister of the Department of Trade and Commerce have given in the house, and I think that before the delegates of the Interprovincial Farm Union Council leave this city they should have a chance to be heard in the presence of the two ministers and to discuss with them and the committee the information they have presented here which, I think, is sound and which, apparently, the Minister of the Department of Agriculture and the Minister of the Department of Trade and Commerce do not accept.

The CHAIRMAN: I think Mr. Nicholson you are about to defeat your own purpose. If you had been a member of the committee previously you would be aware that over the past few years—and I have made this clear to the Interprovincial Council of the Farm Union—that a general discussion on agriculture was not within our terms of reference, but we have all, by common consent, agreed to listen to a general discussion if they so wished before getting into a discussion about grain itself. This pattern has been followed over the years and I probably will proceed on that basis. Just a moment, Mr. Nicholson, I have got the floor. I am very sorry, but if you insist on full discussion of livestock and dairying I have no alternative—I would just have to rule the whole discussion out of order.

Mr. ARGUE: On that point of order which has been raised I think the general situation stated by Mr. Nicholson and by yourself is correct. Mr. Nicholson complains that in this document, while it points out that agriculture is in a very serious crisis the minister who has to deal with agriculture and the Minister of the Department of Trade and Commerce are not here, and that the discussion should be broadened. The chairman points out—and he is correct I think—that the terms of reference to the committee are restricted to consideration of the annual reports of the Canadian Wheat Board and the

Board of Grain Commissioners. That is why this committee is not able to function adequately under those terms of reference; we are operating in something of a vacuum. Agriculture today is in the midst of a very big crisis in this nation and in order to do anything in the way of recommending policies to improve the situation we should have referred to us in general terms a study of the whole agricultural situation; and I think that the members of the Interprovincial Farm Union Council came to us and stated a similar point of view, namely that there should be a general inquiry, a royal commission or a committee of this house to inquire into the whole situation. Not thinking in terms of studying the difference between the price paid by eastern farmers and the price received by western farmers—they are thinking in far more general and important terms. I cannot complain about the chairman's statement having regard to the terms of reference to this committee, but certainly in my opinion those terms of reference should be broadened and I think we should ask for such a broadening.

The CHAIRMAN: Well, at the moment at any rate, the specific job we have before us is consideration of the Wheat Board report and the Board of Grain Commissioners' report and I would suggest that we proceed with this. Then if there is anything else it will come afterwards.

Mr. NICHOLSON: We have not had this report before. How does it happen that we are discussing this matter this morning if it is not in order to discuss the various sections in this interesting report?

The CHAIRMAN: I have just explained that. The Interprovincial Farm Union Council asked permission to present a brief. I did not censor their brief and I did not read it beforehand. I asked them to appear and they did appear, and this was the brief.

Mr. ARGUE: On a point of order Mr. Chairman would it not expedite the discussion of this brief which is now before us by mutual consent if we were to go over it in some kind of order? If we are to have all sorts of questions and jump from place to place we can go on almost indefinitely. I suggest we consider a brief page by page or reference by reference so that we may proceed with it in order.

The CHAIRMAN: That is entirely up to the committee. If they wish to discuss this section by section I have no objection. I thought we were doing fairly well up to now, but if the committee thinks otherwise it is up to them.

By Mr. Quelch:

Q. We were on the question of grain, and I want to ask some questions with regard to the marketing of grain. Under the heading Permanent Cash Advances for Grain, it is stated:

As a solution to the problem the Interprovincial Farm Union Council during the past month has strongly advocated a system of cash advances on farm stored grain through our grain marketing agency, with the federal government absorbing the interest and administration charges. Since the farmers has not been able to market his crop through the regular channels he will in this manner get the cash that is necessary for him to carry on his farm operations.

At the present time that is of course not being done. Therefore the only way in which you can obtain money at the present time is by the sale of grain under the quota. Therefore the quota becomes of exceptional importance. I was wondering what your reaction would be as to the policy that a time-limit should be set for deliveries under the 1955-1956 quota regardless of any disparity that may exist as between shipping points. What is your opinion as to that? Or would you prefer last year's policy to be continued

whereby a farmer was late in delivering his fall crop even if it took several months of the next crop year before he could do it.—A. This is a point about which there certainly was some confusion, in that it was difficult to have a cut-off at the end of the crop year, and perhaps the Wheat Board were not too happy about that arrangement, though it did do a service to the farmer. It is quite possible that the end of this crop year there will be some points, particularly in Saskatchewan, where they will be a long way from filling their quotas. From the standpoint of a farmer it would certainly be highly desirable that the quota in his case should be continued in order that he can deliver his share along with his neighbour.

By Mr. Pommer:

Q. Does not that have a tendency to congest the storage facilities and the handling facilities? Last year complaints were received, and I think that is the story of the Wheat Board.—A. That statement is, I think, correct except that it could, perhaps, be handled by seeing that there was sufficient room available to absorb all movement of grain from these points. This is a question which is causing us serious concern and I suggest that there is a possibility that in future they might give preference to certain areas for deliveries.

By Mr. Argue:

Q. Look at the situation you are going to have if the board follows the policy it says it is going to follow, or the policy which the government says the board will follow in an area such as southwestern Saskatchewan. The men I have in mind are all situated on delivery points with relatively low quotas, and I do not know if it would be physically possible to bring it up to 7 bushels clear at the end of a year. The whole area has been starved for box cars. They are all on C.P.R. points and the C.P.R. has made a first class mess of hauling out the grain. If there is a cut-off in the quota then there is going to be great injustice done to the people there who have not had a chance to ship their grain, as people have done in other places. I think there are two things which recommend the Wheat Board to the producers—first, that every producer gets the same price for similar grades of grain, and secondly that so far he has had—almost, if not quite—equality in his opportunity to deliver grain, in other words the same chance as his neighbour; and if you are going to inject inequality and if you are going to say to one wheat producer: you can deliver 5 bushels of grain, and that is agreed to, and to another: you can deliver 8 bushels, it will be an injustice and I think it will result in widespread criticism among producers who are adversely affected. For this reason I think that before any conclusion is reached with regard to this, further serious consideration should be given to the position of the farmer who has delivered a relatively small quantity of grain in a given area.—A. That would be our recommendation.

The CHAIRMAN: Wait a minute. The last statement by Mr. Argue was to the effect that the Wheat Board should give an equal opportunity to everybody to deliver the same amount of grain. Naturally the Wheat Board will try to do their best to see this done. The point that arises is this: once you get to July 31 should this be carried on as was done last year? A great many people—and I am among them, for one—hold the view that it was a big mistake and that it worked to the detriment of the producer as a whole. I do not think there can be any question about that and, speaking as a member of the committee, I want to go on record as saying that I feel that they definitely should follow the policy which they are advocating now because it is the only sound policy and one which will work to the advantage of the producers as a whole.

Mr. CHARLTON: How do you substantiate that statement that it would work to the advantage of the producers as a whole?

The CHAIRMAN: A great many factors have already been mentioned. For one thing, if you use up every inch of space at the end of the crop year you are in a very poor position to start the new crop. Furthermore, if you load your terminal with, let us say, No. 2 grain your customer will want No. 3 or No. 4 and you will not be in a position to deliver it. All these factors have to be taken into consideration. We all remember what happened last fall in Vancouver where there was so much outcry about demurrage charges being paid. That was as a direct result of this attempt, this effort to try to take in all the grain and bring everybody up to the same level. These are the difficulties which we have to keep in mind, and I think the board is absolutely wise in following its present course. At any rate, I do not have to speak for the board. The chairman will be here next Tuesday.

Mr. ARGUE: I do not agree that there is any connection whatever between the fact that you extended the 8 bushel quota last year to producers who had not yet reached the quota and the demurrage charges at Vancouver. There can be no connection between them unless the board said: we are going to call forth the balance of the 8 bushel quota immediately even it causes a mess at Vancouver. I have been in an area where the producers did not have a chance of delivering the same amount of the quota as others; farmers think that quota should be extended and I cannot see why it should not be done. The Board does not have to call out grain immediately.

The CHAIRMAN: What you mean is this: not only extend the quota but—

Mr. ARGUE: I am saying that when the quota is extended the Wheat Board should not feel it is necessary in carrying out its marketing policy to call out the balance of the 8 bushel quota in the first month. Let us wait for two months or three months; as long as each farmer finally has the opportunity to deliver the same quantity of grain as other farmers have delivered.

Mr. GLEAVE: At the present time it appears to us that one of the most deciding factors about the quota level in Saskatchewan at the large number of points where they have a low quota is not the quality of grain they have but the particular railroad lines they are on. Thus the ability to establish an even quota on the part of the Wheat Board is not all together in their hands. If they wish to establish even quotas at these points they must get box cars in to draw that grain out and our records show that on certain lines controlled by the C.P.R. there is less grain going out than on lines controlled by the C.N.R. and such farmers will actually be penalized because of the railroad companies unwillingness to put rolling stock on these lines, not by reason of the particular type of grain they produce.

The CHAIRMAN: However, as I said, the chairman of the board will be here and he will be better able to deal with this matter.

By Mr. Tucker:

Q. Has the Interprovincial Farm Union Council made any definite formal representations with regard to this matter?—A. As far as the end of the year—

Q. At any time, either in regard to what happened last year or with regard what will perhaps happen this year?—A. No we have not as yet.

The CHAIRMAN: Are there any other questions?

Mr. STANTON: I have had representations made to me from a few of the farmers in my constituency who wish to buy supplies of grain but who have not got the storage facilities there. Two or three years ago they were able to store the grain in some of the local elevators but now the elevators are requesting to take a full year's supply out immediately, within two or three

days. They would be perfectly willing to pay for storage for four or five months if that were permitted. I have been listening with a great deal of interest to the questions here today with regard to the difference between what the western farmer gets for his grain and what we have to pay in the east. I feel—in fact I know—belonging as I do to the dairy industry that if we were to receive 25 cents a 100 pounds more for our milk with which to pay for our grain we could buy many more millions of bushels of feed grain from the west, but you simply cannot purchase grain and feed and make a profit if you have to pay a dollar a hundred more for your grain than you get for your milk. At the present time we are paying between \$60 and \$65 a ton for feed grain and receiving an average net of \$2 a hundred for our milk. That being the case we simply cannot buy grain though we would like to buy it. It is as simple as that. It is not so much on account of the “spread”. It is simply because we are not getting the price for our milk on the home market that we should. I am talking, now, about the cheese and the concentrated milk producer. If he were to receive a price equal to that which he had to pay for his grain we could buy 50 million bushels of your grain from the west. It is as simple as that. But we do not get the price for our concentrated and cheese milk which would pay us to buy the grain.

By Mr. Argue:

If I may refer to the earlier part of the brief, in the course of the general review of the agricultural situation you point out on page 3 that there has been a tremendous fall in the purchasing power of a bushel of wheat. You underline this fact by showing that only in two years in the entire history of our nation has the purchasing power of wheat been less than it is today. That is a very strong statement and something we should consider very carefully. On page 6 you point out the tremendous drop which has taken place in the farm net income and reference is made to the change in the ratio of operating expenses to gross income, and so on.

Do you feel that there is any justifiable reason whatever for the government refusing to implement a system of support prices or parity prices that would off-set this historically very bad situation?—A. Yes, I feel very strongly Mr. Argue that there is every reason to believe from an economic standpoint that is the only solution for agriculture at the present time because of our reduction in buying power. That reduction is not reflected only in grain, it is reflected in practically all the products that a farmer needs. If a farmer is going to be able to pull his weight in the national economy—and he must of necessity do so—he has to maintain his own economy on such a level that he is able to do it. He cannot maintain his position in the Canadian economy—when he bases his price for his products on the economy of some European country.

Q. Do you see any likelihood within the next year or two of the farmer's relative cost price position improving? It has been going down now for four or five years at a very alarming rate. Do you see any factor that indicates the trend which has led to the farmer's present position will level out and improve, or are there contrary factors? In other words—and I am thinking of the announced increase in freight rates and the increasing cost of machinery which is going on periodically—do you see any sign of an improvement in the position of the farmer?—A. No, I do not see any evidence at the moment, nor in the foreseeable future of any sudden improvement as far as agriculture is concerned. You will notice that in the past 12 months there have been periodic increases in the cost of living in Canada with regard to all major commodities used in the household, with the exception of agricultural products and the general increase at the present time in the cost of manufactured products and

their effect upon the cost of living has only been off-set and held stable by the effect of the drop in agricultural revenue. So the farmer is even today absorbing a tendency to a further high cost economy. As far as the general picture is concerned, this is going to affect the farmer very directly, particularly as far as labour and industry is concerned—and the increased pressure cost-wise. We have, now, this suggestion of an increase in freight rates which the farmer will of necessity have to absorb directly, not only on the products he markets but on the products he buys from the manufacturers.

Q. Very well. Dr. Hope appeared before another committee of the House of Commons this year in connection with another phase of agriculture. We made some reference there to the general economic situation, as we have done here, and I asked at that time a question that went something like this:

Dr. Hope, do you know an advanced country anywhere in the world that does less by way of support prices and other agricultural policies for the agriculture industry than does the government of Canada?

And Dr. Hope's answer was:

No, I do not know of one.

Do you Mr. Patterson know of any advanced country in the world that is giving agriculture treatment as bad as you are being handed today under the present policy?—A. No, definitely no Mr. Chairman. We have the figures on wheat as one illustration; and wheat is tied to the international trade, the international market. But at the same time practically all the rest of our products are tied to international markets and the price on the world market, and while those markets are subsidized, as they are in the United States, those products are competing on the world markets and that is the price we have to compete with. And we can only get the price that these people in the low income areas can pay for the product. But they are subsidizing production throughout their entire agricultural economy.

Q. We have some support prices in Canada—the butter price is not too bad—and to some extent we have support prices on bacon and eggs, though these are somewhat nebulous. Can you think of any agricultural policy adopted by the government in the last year or two which is likely materially to improve the position of agriculture—in other words, are we making any headway?—A. I would go back Mr. Chairman to the introduction of the price support policy, and I will say that there we had the machinery with which we could do that kind of a job; and I think that someone, at that time, was thinking progressively—

Q. In 1944?—A.—in 1944. He was thinking progressively in anticipation of what could happen. That policy has not been implemented to the degree which, I believe, was intended in the first place. I cannot understand why, because we have there the facilities and the bill which would have put into practice just the kind of job we need here in agriculture in Canada, and which could place agriculture in a more favourable position as compared with industry and other groups.

Q. We have the machinery, but it is not being used?—A. Yes, that is right; the machinery is there.

Q. I have a couple more questions to ask, if I may.

Mr. TUCKER: The date is wrong, is it not?

Mr. ARGUE: I think it is 1944, but what is a couple of years?

By Mr. Argue:

Q. Now, I do not know, Mr. Patterson, to what extent you have been familiar with this—and I am not well acquainted with it—but I happened to

be in the United States about three weeks ago and, on a morning I was there, I bought a newspaper, and it announced a new support price—new support prices—for wheat in the United States for the present year. According to that announcement, the price of wheat is not going down this year in the United States. The price of wheat in the United States is going up. And, knowing the kind of wheat we produce on the prairies, I looked at the United States price that is being set for their better grades of wheat, and I noticed in their announcement that the new support price for No. 1 Hard Spring wheat has been increased to \$2.42 a bushel, and the announcement was from Minneapolis.

I think you are aware, too, Mr. Patterson, that the American farmer can, in the fall, apply to the C.C.C.—that is the federal corporation for that purpose—and receive cash advances equal to the full support price; and if he hauls out the grain whenever the C.C.C. wants the grain, there is no interest. If he wants to repay the loan in cash he pays $3\frac{1}{2}$ or 4 per cent interest; and if the federal government agency in the United States—that is, the C.C.C., the responsible agency for handling the grain—has not asked for the delivery of the grain by the following fall, the farmer gets a cheque, so I am informed, for 15 cents a bushel, for storage.

Now, Mr. Patterson, how do you account for the fact that the American farmer is beginning to improve his position, while at the same time we are going down?—A. I think it is attributed to two factors. One factor—and perhaps this might be one of the major factors—is that they have had, for years, an active and aggressive farm organization that has kept these things before the government. That is one thing. But I think it also reflects a keen appreciation by the government in the country of the value of the agricultural economy, and the part it plays—within the national economy. Evidence has shown over the years that in a long period of years, where their labour returns and their agricultural returns are on a parallel basis, there is a high level of prosperity when they are divorced one from the other, and agriculture deteriorates while labour stays high—the history of the country shows that they have been headed into a period of depression. In order to guard against that they are giving more thought and more consideration to the support of agricultural commodities within their own country.

Q. When we are discussing such agricultural policies, the reason we are given that such support prices are not adopted in this country is that consumers are going to complain, and that there are far more consumers than there are producers.—A. In other words, if you are going to err on any policy, you must err on the side of the consumer.

Q. Would you say it is correct that in the United States the National Farmers' Union—that is, not only the farmers' union but the cooperative organizations—have a very close-working relationship with organized labour, and that when they appear before the Senate committees in the United States—and I am thinking in particular of the Senate Committee on Agriculture—that the farmers appearing before that committee from farm organizations do not appear only as farm organizations, but appear with the support of labour—and sometimes with witnesses supporting their proposition, witnesses of no less influence than Walter Ruether? So that your suggestion that farm organizations in the United States have been able to accomplish these things because they are strong is a correct one; but it is correct also because they have this partnership arranged with labour and, therefore, are able to speak with much greater authority than they would speak if they spoke only as farm organizations: is that not correct?—A. I am sorry but I cannot just go along with that assumption—that is, when you say that they have a closer relationship with labour in the United States. As I understand it, their relationship is not as close, speaking technically, as it is right here in Canada. But they do—you are right when you say that when they meet and present their case, they are backed up by labour.

Q. Yes?—A. And their representations to the government are supported by labour—representations to the government or to the committee.

Q. And the most important point is that they are fully supported by labour in their asking the American congress to provide them with parity prices based at the level of 100 per cent?—A. That is true.

Q. In other words, the key proposition of parity prices is supported by labour in the United States. And it is supported, not at a level of 90 per cent or 80 per cent, but at the level of 100 per cent?—A. That is right.

Q. And it is supported in Canada by labour?—A. That is the expressed policy of labour today. It is full parity—a full parity price for agricultural commodities.

Q. And you say that is the expressed policy of the new Canadian Labour Congress, is it?—A. I might not be correct, but I believe that that is one point that was accepted at the time of amalgamation. I could be corrected on that, but I think it was the expressed policy.

Q. Yes, I think that is right.—A. It was certainly the expressed policy of the different groups, separately, prior to the amalgamation.

Q. So that so far as your own knowledge is concerned, you believe that labour in Canada—that is, organized labour—supports the farmers' proposal that they should be provided with parity prices?—A. Yes. But not only that—but when you present the position of the farmer to labour—and I might say, in passing, that only last night I was coming down on the train; and I did not know until we had almost arrived here that I was talking to a labour official. However, he said, "Why is it that the people in eastern Canada do not know the farmers' position?" He was not speaking just as a western farmer; he said, "Why does not the eastern man, the labourer or the business man, understand the position of those who are engaged in agriculture, or the position in which the farmer is placed?" And if you tell a labour man what the farmer is doing, if you point out to him that, regardless of what it costs the farmer to produce his product, that he must sell it and put it on the market for the Canadian people at a price perhaps equal to that of Germany or Japan, at a price which Germany or Japan would be prepared to pay for it, and ignoring completely the total cost of production, he will just turn around and ask you if all the farmers are that silly. He would not believe that it is possible. Because it is not possible in business, and it is not possible in the ranks of labour; and so how does the farmer expect to maintain his position in a high-cost economy if he is dependent upon what a foreign country will give him for his product.

The CHAIRMAN: On the point mentioned by Mr. Argue, where he said that the position of the farmer was improving in the United States; I do not think it is turning out just that way; I think just the opposite is true. The latest statistics show that their position has been going down, and that it is still going down.

Mr. ARGUE: How does your position get worse when the price of wheat goes up?

The CHAIRMAN: Just a minute, now; the parity prices this year will be lower than last year, not higher.

Mr. ARGUE: You are wrong.

The CHAIRMAN: Well, I may be wrong, but that is just a question of opinion.

Mr. QUELCH: In relation to the position of the individual, the position of the American farmer was improving.

Mr. ARGUE: Yes, and in relation to his own condition.

The CHAIRMAN: Oh, I took the statement to mean that the position of the American farmer in the American economy was improving.

Mr. ARGUE: Yes, that the farmer out west in the United States has passed the turning point, and that he is on the way up, and that he is not on the way down.

The CHAIRMAN: Actually, the average support price on wheat for the coming crop year is not in any case higher. There our support price is no higher in some cases, it is lower.

By Mr. Mang:

Q. As pointed out by Mr. Argue, and also in the brief, with respect to various prices, support prices for wheat in various countries and in Canada, it stands—Canada stands at the bottom of the list.

Now, has your organization ever made a study of comparative standards of living of the farmers of these various countries? We are told, on good authority, that the United States and Canada—that the farmers in these two countries have the highest standard of living of anywhere in the world. Now, if that is so—

Mr. ARGUE: It is not.

Mr. MANG: Well, after all, an assertion is not an argument.

The CHAIRMAN: Order, please.

Mr. MANG: I am speaking to the chair.

By Mr. Mang:

Q. Now, Mr. Patterson, has your organization ever made a study in which you have compared the standard of living of the farmers in these different countries that are being helped in this way?—A. Not in any detail, no. But the position of the farmer, let us say in Great Britain, for instance, is vastly higher than the position—a comparative basis—than the position of the farmer in Canada.

Q. His standard of living is higher, you say?—A. The standard of living, in comparison with the rest of the people, the rest of the economy.

Mr. NICHOLSON: The farmers' share of the national income.

By Mr. Mang:

Q. But you have made no specific study of the standard of living prevailing in, let us say, the Argentine, Austria, Switzerland or other such countries?—A. No.

Q. Then, if the situation is as is pictured in the United States, why is it emphasized there that the farm problem is one of the biggest problems that they have to deal with at the present time in that country?—A. It is a continuing problem, and it is aggravated by the reduction in the parity level or the percentage or the support prices that they receive in the United States.

By the Chairman:

Q. It has been reduced?—A. They are on a sliding scale.

By Mr. Mang:

Q. Yes; now, one more question; we have in Canada—we have been talking about parity prices, and assistance to the farmer with a view to leveling off this disparity between what labour gets and what the farmer gets—the difference between industry and the farmer. We have a national economy in Canada that produces goods to a value of \$26 billion a year; and this year perhaps it will reach \$28 billion. Now, that is all the money that is in circulation through our Canadian economy. If we, as farmers, are getting the short end of the stick, how can we get our share out of that \$28 billion? We

cannot get more unless we borrow it from somewhere else. The only way you can equalize it is through parity prices. Or perhaps I should put a formal question in this way: is the only way we can bring agriculture up and equalize it—is the only way to have our government take off some portion of this amount of money in the national economy, and redistribute it among the farmers? In other words, if we are to have a domestic price of \$2.40, in order to maintain that price are we in a position in Canada to take out of this \$28 billion sufficient, in your opinion, to bring up and to equalize this disparity, or to bring it up to parity?—A. That is your question, is it?

Q. Can Canada do that?—A. Yes. Definitely, it can be done. It could be met. The farmer's position could be met in one of two ways; it could be met by putting on tariffs, similar to what we have in industry. Or, on the other hand, it can be done through subsidies.

By Mr. Quelch:

Q. Like they do with the gold mines?—A. Yes, as a subsidy. Farmers do not like subsidies. But you are not going to maintain prices in Canada, and we are not going to pay our way and to pay the high costs we have to pay today, or we are not going to get into a fair relationship so long as we are prepared to accept and have to accept prices which prevail on the world market.

By Mr. Haig:

Q. In other words, then, we will take some off the labourer's pay cheque, and off industry, by way of excess profits—

Mr. NICHOLSON: Corporation profits.

By Mr. Mang:

Q. —and put it into the general treasury, and then equalize it, is that correct?—A. Well, let me put it this way, that they have been able to maintain that position by the protection—by the imposition of tariffs; and that has come out of the farmer. The farmer has been in the position where he had to pay it. He had to contribute to that profit; so that it is perfectly fair and reasonable that they should return some of it back to the farmer, so as to equalize it.

Q. I am just inquiring and asking, because I am a farmer myself; I just wished to clarify my thinking.

By Mr. Pommer:

Q. You made an interesting statement a moment ago about the tariff. How do you reconcile proposing tariffs in a country like Canada, where we have to export the volume of goods that we do have to export? I notice on page 16, in the last paragraph of your brief, you say: under the heading "Agricultural Imports"—

We strongly recommend that this committee give full consideration to the position of Canadian farmers in view of the heavy importations of eggs, poultry meats, livestock and livestock products—

And so on. Now, would anyone suggest a tariff against livestock and livestock products, and meats, when we expect to export, at particular times, a large amount of livestock such as we have exported to the United States, and to the potential market there—that is, if their prices are a little above ours?—A. In other words, would we suggest that we should put a tariff on imports?

Q. Yes. I am just taking this last paragraph in your brief, on page 16, and I am trying to get your interpretation of it.—A. We are suggesting that you give a good analysis of the whole situation, in the light of the impact of these imports on our domestic market, and what happens to the price to the

producer, and so on. We are not suggesting that you put a tariff on to keep these things out. The history of the farm organizations is that the farmers have always opposed tariffs. They have done that, by and large.

But, at the same time, we have a problem; and in working toward the ideal perhaps we can eliminate the people who are working on it, in trying to work toward the elimination of tariffs, period. But if we are going to have tariffs, on the one hand, then we have to have tariffs for the other fellow, too. I do not think it would be in the best interests of the Canadian farmer to put tariffs on these things that are coming into Canada, such as meats and meat products; but I suggest that that problem should be given careful study and consideration in the light of its impact on the position of the farmer here, and the need for an equalization in one way or another.

Because, as I said before, that equalization could be made in the form of subsidies to the farmers. Because so long as our position is as it is today, and undoubtedly will continue to be so far as the board is concerned, we won't have a tariff nor close the border, so far as trade between Canada and the United States is concerned, so far as livestock and meat products are concerned.

So we have to look at it from the other side. How are we going to protect the Canadian people from the percentage that is dumped into Canada, which would disrupt our whole set-up. We are producing for the market, and doing a good job. But a million pounds coming in from across the line can upset our whole program.

Q. If we are going to put tariffs on we should expect tariffs against our own goods?—A. Yes.

Q. And that would cripple us?—A. Yes.

Q. Then, another question; when Mr. Argue spoke about the high support price the American government is paying, how do you account for the depressed cattle and hog prices in the United States? I understand that our hog prices have been higher in this country than in the United States. And if there had not been a disease in the hog industry in the United States, hogs and pork products would have been dumped into this country?—A. That is right.

Q. How do you account for the suggestion that the high support price in the United States is keeping the farm economy in a better position than ours is here? I am speaking of the livestock industry.—A. They are not doing anything for the livestock.

Q. That is the point. All we are concerned with at the present time, in Mr. Argue's presentation, is wheat.

Mr. ARGUE: Oh, no. There are soy-beans and a great many other commodities.

By Mr. Dinsdale:

Q. Mr. Chairman, we have been getting into very broad economic terms here this morning and I am wondering if I can place a question from a broad stand-point in respect to Mr. Patterson's comment that one of the problems in our wheat economy is that we have to sell to markets where prices are relatively low because of the low standards of living. The difficulty arising from that situation is that our domestic prices are tied to the same relatively low standard. I would like to ask Mr. Patterson if he feels, with the tremendous quantities of grain which we produce, that we are in a position to subsidize all the wheat produced; or does he have some other solution to that problem? That is, the grain exported as well as the grain produced for the domestic market.—A. I would say, Mr. Chairman, that that is quite within the realm of possibility, that Canada could and would be well rewarded for subsidizing the entire production.

Mr. ARGUE: Hear, hear.

The WITNESS: That is from the standpoint of the added buying power that that would be restored and brought back into agriculture.

By Mr. Dinsdale:

Q. Would you not say that part of the difficulty in Canada might arise from the fact that we are an underdeveloped country in terms of population and—

An Hon. MEMBER: And government.

By Mr. Dinsdale:

Q. —And a balanced over-all economic development, that Canada is in a relatively inferior position, and so long as that set-up prevails the farm economy, particularly the western farm economy, is going to bear the brunt of the rapid changes that are taking place at the present time. It involves immigration policy.—A. That brings us right back to the point which we had some time ago in reference to the support price of \$200 million a year. It could be used for that purpose, and if it was used for that purpose continuously it would assist to a tremendous degree in developing the potential we have today. Certainly there is an imbalance and there will be an imbalance. Certainly we are far from developed as far as the real potential of Canada is concerned. As far as agriculture is concerned, we are virtually overdeveloped. Agriculturally, we are predominantly an export country. When we assume to build a structure dollarwise in Canada when the dollar level in Canada is divorced from the basic producers of the country, and which ignores entirely the ability to earn on the export market, then I say that our economy is not sound nor is our approach to the problem sound.

Q. Under the present trend, in our part of Canada, the only way a farmer can earn a decent livelihood is by constantly expanding his land holdings and quantity of production. That, of course, destroys the basic farm family unit.—A. That is right.

Q. I imagine that you would decry that trend?—A. Very definitely. In respect to your first point which you raised, that the only way you could get by would be to expand your holdings and increase your acreage, that can lead to a dangerous situation as well. I believe, in Saskatchewan and Alberta and to some extent in some areas in remote sections of Manitoba where a farmer would find himself in a position where he could not sell his grain and then he is more vulnerable than the little fellow; he can get into a serious situation in the agricultural community too. The family farm, the small farm, the diversified farm, can take the rap and stand it longer. We have a tremendous potential as far as farming is concerned. That is not only from the standpoint of production; that is also from the standpoint of improving production of manufactured goods. But we often have a terrific impact on our national economy through the contribution we make and have made familywise. I think perhaps with reasonable analysis and with honest interpretation we might be prepared to say that our contribution from the family standpoint, is just as valuable as any other of the economic aspects of agriculture.

The CHAIRMAN: Are there any other questions?

Mr. NICHOLSON: Before we call it 1:00 o'clock, Mr. Chairman, I wonder if the committee would consider inviting Mr. Howe and Mr. Gardiner to sit in?

The CHAIRMAN: I am sorry, but we do not have to invite Mr. Howe. Mr. Howe has been notified, and usually he does attend the sittings of the committee. However, this morning he was detained at some other place and could not come. But I am sure that the minister will attend whenever he can or whenever it is possible for him to do so. That has been his practice over the years.

Mr. NICHOLSON: I presume that we will meet this afternoon to continue this discussion, and I was wondering if Mr. Gardiner could be invited to sit in with us while we are discussing this general position relating to the overall picture of agriculture, and there might be a few comments that Mr. Gardiner might make, which would be helpful.

The CHAIRMAN: I am sure the presence of the Minister of Agriculture would be appreciated, as usual. However, I am afraid that possibly it would not be proper to go beyond our terms of reference.

Mr. ARGUE: You could make him a member of the committee.

The CHAIRMAN: He could sit in as a member, yes; but I think we will have to use some restraint in discussing agriculture, on the whole, because it is not within our terms of reference. I hope Mr. Nicholson will not press his point, because, as I said, he will force my hand, and I would have to rule the whole discussion out of order.

The WITNESS: I might say, Mr. Chairman, that we are familiar with the terms of reference, and on behalf of this group I would say that we certainly appreciate the laxity we enjoyed last year, and we hope we are not overdoing it this year.

The CHAIRMAN: Then, gentlemen, we will resume at 3:00 o'clock this afternoon, or as soon as possible after reaching routine orders.

—Luncheon adjournment.

EVIDENCE

AFTERNOON SESSION
JUNE 28TH, 1956.
3 P.M.

The CHAIRMAN: Gentlemen, I see a quorum. Mr. Nicholson?

Mr. NICHOLSON: Mr. Chairman, at one o'clock I wanted to make some comment on the point which Mr. Mang was apparently trying to establish, that the Canadian farmer is really quite prosperous as compared to farmers throughout the world.

I want to agree with Mr. Mang that I do not know of any other place where I would rather live than Canada. There are farmers in parts of the world who have lower standards of living than do our farmers, but I do not know of any country in the world where there is such a spread between farm and the non-farm living standards.

In last night's papers I read of the corporation profits in Canada after taxes for 1955, and that they reached an all time high in the first quarter of 1956; they are higher than the highest ever before.

As I said, I do not think there is any country in the world where the non-farm economy is so prosperous and the farm economy is so un-prosperous.

This paragraph on page 3 concerns more than farm people regarding the motor car situation in Canada. The 1951 census shows that for every 100 farmers in Canada there are only 53 automobiles; 31 trucks, 64 tractors; 15 combines; 12 milking machines; and 32 electric motors.

Going up in the elevator at noon, one of the members of the committee questioned the accuracy of those figures. He said: "Surely this cannot be right!" He suggested that in his province, I think he said, 80 per cent of the farmers—that is in Nova Scotia, would have cars. So during the recess I checked with the Dominion Bureau of Statistics and I found that these statistics are accurate. One would naturally expect the Interprovincial Farm Council to check their statistics carefully.

I have not had a chance of working these out on a percentage basis, but I do know that in Prince Edward Island we have 4.1 thousand cars for 10.1 thousand farmers; that is well under 50 per cent and in the very prosperous province of Prince Edward Island.

In Nova Scotia there are 6.9 thousand cars for 23.4 thousand farmers, which shows how far members of parliament can be wrong regarding the prosperity of the people they represent. The member who questioned these statistics comes from one of the prosperous farming communities in Nova Scotia, but in the province as a whole, a very small portion of farmers own cars.

In New Brunswick there were 7.9 thousand cars for 26.3 thousand farmers; in Quebec 41.6 thousand cars for 134 thousand farmers; in Ontario you have the highest percentage 114.8 thousand cars for 149.5 thousand farmers; Manitoba had 32 thousand cars for 52.1 thousand farmers; Saskatchewan had 62.9 thousand cars for 111.5 thousand farmers.

Some members were saying that Saskatchewan farmers go to Florida and California for the winter and they drive their Buicks; but I submit that with 62,000 cars in Saskatchewan for 111,000 farmers there are a lot of farmers in our province who have never been to California or Florida.

Alberta had 46.3 thousand cars for 84 thousand farmers; and British Columbia had 125 thousand cars for 26.3 thousand farmers.

I think you can buy a good car in Ottawa for \$25. Anybody with \$25 in his pocket can go out this afternoon and get a remarkably good car.

The CHAIRMAN: Order, gentlemen; it is very difficult for the reporter to get this conversation down.

Mr. NICHOLSON: With only 53 farmers out of 100, in Canada, when the last census was taken, in the position where they were able to own a "jalopy", it suggests to me that there is something seriously wrong with this sector of our economy.

Now, those figures are for 1951. The information that we have before us indicates that the situation has deteriorated since 1951. Each year it has grown worse. The table on page 6 shows that the ratio of operating expenses to gross income has gone up. In 1951 it was up 23 per cent; in 1952 it was up 30 per cent; in 1953 it was up 41 per cent; in 1954 up 52 per cent. Over against those figures you have to take the decline in the net farm income since 1951. This is for Canada as a whole. In 1952 it was down 10.72 per cent. The next year it was down 21.11 per cent; the next year it was down 48 per cent. I think that these are facts that this committee should consider, and at some point I think we should be permitted to recommend to the government that it is a very serious situation that not only affects the farmers, but it affects our whole economy.

Here is the place where we should have a market for automobiles. Forty-seven farmers out of one hundred farmers in Canada in 1951 had never owned an automobile. There is the place where there is a market, because people who live on farms, regardless of what province they may live in, are some distance from towns, and picture shows, and they should have automobiles if anybody in the country has them.

Sixty-nine farmers out of one hundred farmers are without trucks. There is a market for trucks. Thirty-six farmers out of one hundred farmers have not got a tractor yet. There is a market for tractors. There are eighty-five farmers out of one hundred farmers who have never had a combine. There are eighty-eight farmers out of one hundred farmers that have never had milking machines. There are sixty-eight farmers out of one hundred farmers who have not any electric motors on the farms to do the hard work that can be done by electric motors.

So, there is a problem that is pointed up by this farm organization that is of vital concern to the industrial workers in Canada, and to the manufacturers.

I submit, Mr. Chairman, that another very disturbing factor is that Canada is one of the very few countries in the world that has failed to face this problem. In the United States, while the American farmers are not getting their share of the American national income, there is an attempt made by the administration to give them parity prices, to give a price to the wheat farmer that is higher than the price the product would bring on the world market. There is some attempt, which has not been too successful; but in the United States they admit the fact that the non-farm income is \$1922 per person, while the farm income is \$860. They admit that very frankly. But in Canada we have refused to try to get any statistics to point up the difference between the farm income and the non-farm income. I submit that at some point our government should give us leadership in this matter to point up the sort of problem I think we should be considering.

When I came back to Ottawa at the beginning of this session I tried to get some advice as to whether we should use fertilizer on our farms or not. We know from experience that for every dollars worth of fertilizer you put on the ground in our area you get three or four extra bushels of wheat. So, we have come to the conclusion that if you are going to farm you should

use fertilizer. But, we have made a mistake, I am afraid, in having put \$1200 worth of fertilizer into the ground this year to produce a commodity that we are not going to be able to sell this year or next year. I think the government of Canada that fixes the tariffs, that controls the export of cereals, should be the government which will give some leadership.

Now, Mr. Byrne tells me that most of the farmers apparently use better judgment than we have. They have stopped using fertilizer. They have reached the conclusion that it is a mistake to use fertilizer, in view of the large surplus of grain. But, so far there has been no leadership on the part of the government of Canada as to whether farmers should use, or should not use fertilizer where it is established that it will increase their yield. Apparently some farmers have stopped using fertilizers. The Consolidated Mining and Smelting Company have been obliged to close down one of their major plants. I think before a plant of this sort closes down, the government of Canada should give some leadership in regard to whether or not the farmers who are going to continue farming should continue to farm the most efficient way that the experimental farms and the agricultural colleges of the country tell us we should farm.

Mr. TUCKER: Mr. Chairman, I do like to listen to Mr. Nicholson but I have many opportunities to hear him. I would like to hear these other gentlemen who have come here from a long distance to make a presentation to us. Mr. Patterson said that his colleague here wishes to speak to us and perhaps his other colleagues would like to speak to us. I, for one, appreciate hearing Mr. Nicholson and hear him quite often; but at this time I wish to hear these other gentlemen.

Mr. NICHOLSON: I was about to sit down but I must insist on exercising my rights as a farm member sent to Ottawa to do the job for a substantial number of people. I suggest that the honourable member for Rosthern has no business in stating his likes or dislikes.

Mr. TUCKER: I said that I liked to hear you, but at other times. If everybody spoke as long as you have we would not be able to hear these gentlemen at all.

Mr. NICHOLSON: I submit, Mr. Chairman, that our visitors who come here have come at considerable expense—

The CHAIRMAN: It is very difficult for the reporter when more than one member is speaking at the same time.

Mr. NICHOLSON: In spite of the interruptions I will sit down, but I consider that I was in order.

Mr. ARGUE: You will sit on your rights.

Mr. NICHOLSON: I wish to make it clear that I am not sitting down because of the comments from the member for Rosthern.

The CHAIRMAN: Are there any specific questions?

By Mr. Roberge:

Q. I have a question on the subject of parity. You mention here that Canada should adopt a new national parity price support policy. Would that policy interfere with provincial rights? For instance, the cooperatives and other organizations in the province.—A. I believe that it would be quite within the rights and the ability of the federal government to do that through a policy of support prices. Now, as to how that is applied is a matter of administration.

Q. Would that not interfere with the rights of the provinces at all? —A. I do not think so, sir. It would apply to all products that were sold by

the producers. To give you one example, during the war we had a subsidy—a consumer subsidy—on milk. That was seemingly administered quite effectively, certainly on the local level in my town of Neepawa. I think it would be quite practicable to administer such a policy at the present time.

By Mr. Gour (Russell):

Q. Mr. Chairman and Mr. Patterson, I was going to ask you this question: do you think your suggestion as to tariffs will work? I think it will work if we begin to put tariffs on goods from the other country—farmer goods or manufactured goods—and that we have the answer from the other country that they themselves put that tariff on our own goods. I would like to say that your suggestion should be very carefully handled. On the other hand, subsidies cost money. You talk, gentlemen, about farmers having so many tractors, cars, or trucks, but if you will look around here and in the United States you will find that we have 100 per cent more than they use in other parts of the world. I toured over 14 countries two years ago. They use just as many oxen there, as they do tractors, quite apart from horses. Now we have this proposal to subsidize farm production, and when I speak of farming I am not talking about grain growing—that is not farming at all. I do not call that farming, the cultivation of grain alone. What I call a farm is a farm on which everything is produced—cattle, horses, poultry, pigs—everything. If we try to protect the wheat farmers by means of a subsidy they will grow more wheat. And how will we produce more cattle, meat and chickens with the wheat at that price? How much will it cost the government to help this wheat to reach the level of, say, \$2.75? If the wheat were protected so high, the growers would, I think, produce enough for half the world. Of course, we have to do something and I need hardly say that I am as interested in the problems of the farmer as anyone sitting on this committee. For 40 years I have been concerned with farming and farmers, but I want something that will improve the situation, not something that would destroy the farmer.

I am a farmer myself. I was born on a farm and most of my brothers and sisters are farmers; moreover I am directly interested in some 600 farmers who are facing a difficult problem at this time. But I want something which will protect the farmer, not something which would destroy him; I do not want something which in a few years may place the farmer in a position of having no market and the nation in the position of having no money. With regard to motor cars, I would say that in my district most of the young farmers do not buy cars; they buy a light truck which is both useful for the farm and useful for transporting the family and the young children.

Mr. NICHOLSON: Only 31 per cent of the farmers have trucks.

Mr. GOUR: They don't need trucks very much now because all the trucking is done by the dealers.

Mr. NICHOLSON: Horse and buggy.

Mr. GOUR: That was during the 'thirties. Now they don't take to the horse and buggy. Not 10 per cent of our farmers have horses and buggies. Come to see the people in my district and you will know more about it. I think we have to consider this matter very carefully. It should not be forgotten that the farmer pays no tariff and no tax on farm machinery.

The WITNESS: I appreciate everything that has been contributed by the gentleman who has just spoken. He appreciates the position of the farmer and he has been working all this time to try to do something for the farmer. I would make one suggestion, sir: that unless we do things faster than we have in the last 20 years there are not going to be many young farmers left to do anything for, because they are going out of the industry fast. Young farmers

are very often just not interested in taking over the "old man's" farm because they cannot see where they can make anything on it. Now I will ask you a question, if you will: find out why.

By Mr. Gour:

Q. With the high standard of living in Canada today a farmer can no longer live on 50 acres or even, when he has a big family, on 100 acres. That is probably the reason why a farmer has to buy up the land of his neighbour. If we want our farmers to enjoy a high standard of living then they must have 20 cows in place of 10 cows, because electricity, refrigerators and other articles such as the people in the cities enjoy all cost money and the income derived from 50 acres of land is not enough to pay for them. That is why a young farmer, or any other farmer, has to buy land from another—so as to build up at least 150 acres which will provide them with sufficient income to buy grain from the west for their stock. They have to have at least 20 cows, 50 pigs and 1,000 chickens if they want to be in a position to enjoy a high standard of living such as we have in Canada.—A. And now you have presented that point, can you tell me why labour continues to live under the current standard of living with a continual reduction of hours that they contribute to the national economy?

Q. No.—A. And you would suggest that the farmer would have to produce more to have the same standard of living?

Q. Surely. They have the machines today. They do not work harder; they have the machines. If you want to know, in my small part of Cambridge I have sold 16 balers up to the present time.—A. At the same time, we have not got a market for any of these commodities we mentioned, and we cannot get that on a world market because we cannot compete with these other markets that have a lower standard of living. We are producing the main export commodity wheat—the least perishable of all—and we are producing that for the export market and it is of tremendous value to the national economy. That is the article we are producing. I agree that we could over-produce, but there is one point that we are forgetting: that it is a challenge not only to you and me, and to the government of Canada, but to all the governments of the world. We have got the goods and we can produce them; but the people in other countries who need them cannot get them. There is the problem of distribution.

Q. You are right. A short time ago you talked about labour. Labour is paying its contribution; they pay the taxes on what they buy and it is just a case that we have such great prosperity that we have to be careful not only with regard to farm prices but to those of all manufactured goods; if our prices rose to such a level that we could not export manufactured goods, labour could not buy the products of the farm. I admit we are really in a bad position.—A. But we cannot sell all our manufactured goods which we produce in Canada—we export them to the world market—the manufacturer gets the full price which we can in Canada and subsidizes that portion exported. Consequently we cut our production to the point where we can meet the market and set a price that will pay the cost of the operation. As far as the farmer is concerned, we would have to do the same thing. There is no use producing five pounds of poultry when you are only going to sell two, or raising 1,000 hogs when you are only going to sell 500. We can produce tremendously, but we have still got to have a price, and that is one factor which contributes to our surplus problem today. That is one reason why we have an element of surplus problem today, worry about. Five years ago some farmers in my locality would not have looked at a cow. Today they are dragging these cows into a barn and milking them, and thus contributing to the surplus position, not because they really choose to do this but because they have to have an alternative source of revenue. They cannot go out and subsidize their farming operations by working in the town, or

working for their neighbour or in the lumber camps because they have responsibilities of family and home. So they have gone into this sort of production and thus contribute to the surplus because we have not got a price for the commodities that they are able to produce, and can produce effectively.

Mr. WESELAKE: To keep the record straight—I think Mr. Argue made a statement this morning that at \$1.40 the Canadian support price for beef was the lowest in the world.

I have here a clipping from the *National Cooperator* containing a table of price support figures the source of which is the International Federation of Agricultural Producers. It shows that the support price in Argentina is \$1.18. In Australia the figure is \$1.46; In India \$1.53; in the United States \$2.08; in the United Kingdom \$2.31; in France \$2.64; in Germany \$2.73; in Portugal \$2.86; in Italy \$3.04; and in Finland \$4.04.

I just thought I would put those figures on the record. In connection with this I would say that these are subsidized prices in countries where production methods are far different than they are in Canada, and I think all these factors should be taken into account.

Mr. CORMACK: Mr. Chairman, coming from the east we do find one thing in these discussions, and I have noticed it for two or three years, namely that most of the discussion revolves around wheat. In these eastern provinces we have some other things to talk about. We have the same type of difficulty as western farmers, in at least one respect, and that is finance. There are two or three points I would like to bring out that I think might help in this situation, and bring some of these arguments to a head. First of all we have to face the situation that agriculture is not, compared with other industries, in a good position. We all know we are in the biggest boom we have ever seen in Canada, as far as all other industries are concerned, and the facts given on page 6 of this brief show that the ratio of operating expenses to gross income borne by the farmers, who are the exception, has in only three years increased by 52.27 per cent while our net decline in farm income has been 48.22 per cent. We have a complete turnover here of 100 per cent in three years. Recently we heard a member of parliament speaking on this situation and he said: it is significant that it is possible that we can have a condition whereby agriculture can be down on the bottom of the depths and yet we can still maintain a prosperous economy in other sections.

I say that this man is wrong; the depression in the farming industry is having a bad effect now, and we are affecting other people tremendously. I had a call from labour not two weeks ago about coming to present a joint brief—the farm union and labour together—in this city of Ottawa because of the condition of our agricultural implement industry. In 1951 they had 15,000 employees in their organization, and then because of this decrease I have shown you, it only took three years before the number was down to 8,700. That has since been cut exactly in half, and recently half of these men have been informed that there will be no more jobs or that they will be laid off indefinitely. So we are, as members of the committee will see, affecting other people. I would like to go back at this point to my home town for a very apt example. I am glad that we have our member, Mr. M. W. Howe, here this afternoon. In this village we have one of the finest garages you would wish to see in any rural town, and I might mention that the farmers built that garage in 1948 when they were receiving some measure of price parity. A year ago, however, it was found that the farmers could not buy enough cars to keep it going so it took on an implement agency—a branch of the Massey-Harris concern, and this year they were able to take over a full Massey-Harris line and there is quite a nice display of implements sitting beside that garage. What happened last week was that five of the men employed in that

garage were laid off because there was not the income in our vicinity to keep that business operating.

The question was asked this morning: can we farmers see any sign that there is going to be an improvement? I expected some member would have said immediately: why, our increased population will look after this, because up to now farm leaders, members of parliament and others in responsible positions of leadership have been saying that this immigration policy will correct the situation I have referred to.

I would like to give the committee some figures on this. Last year we increased our population by, I believe, 277,000 in Canada. At the same time, our hog prices were never lower. For months they ran right down to a floor price, despite this increase in population. I would like to say that many of our potato producers last year had to sell their potatoes at 60 cents a bag, and we thought that we were in real trouble over potatoes. Those farmers took 60 cents a bag whereas the price today—the price per bag for old potatoes—is around \$4.

Those conditions exist because agriculture has not sufficient earning power and financial backing behind it; farmers have insufficient finances even to hold their own products until a suitable time for selling arrives. We farmers have the biggest investment of anybody in Canada. I have the privilege of receiving *Hansard*, and we do get the most remarkable figures from *Hansard*. It came out not long ago that in agricultural investments—buildings and livestock—nothing was said about machinery, but I would expect it included machinery—was \$9,593,000,000, and in all other industries combined a total of \$8,473,000,000, giving an investment of \$1,120,000,000 more in agriculture than in the other industries combined. And considering that we have this backward tendency it does seem absolutely unreasonable that such a situation could exist.

In subsidies, in 1940, agriculture was given \$41 million or 79 per cent of all the subsidies paid. Then we come to 1954 when we had dropped back to \$34 million which constituted only 40 per cent of all subsidies paid. That is just half the percentage of subsidy for an investment of \$1,120,000,000 more than all the other industries put together.

This cannot go on, or we shall drag the other segments of the nation down; there is nothing else we can do, because we cannot help ourselves—we are dependent on world markets. I was glad that this matter of tariffs came up. We are not for high tariffs but how in the world can we exist where farmers are selling on a world market? We are selling at market prices. In other words our cattle dropped 3 cents in three months, and not because we had too many in Canada but because the United States had too many cattle and enough cattle came into Canada to cut our prices by 3 cents in three months. Our hog prices are also low because of the situation in the United States; and I understand that if it were not for disease there, our prices would be lower still.

Yet everything we buy is on the protected market. We do not believe we can say to any other country: you must not ship your mutton, cheese and meat into Canada. We do believe, however, we can say to the people of Canada or to the government which represents the people: if the people of the nation are to have the privilege of buying their food at world prices and the farmer has to pay for his car, his electrical appliances and everything else at protected prices, then he cannot possibly exist. Rather than set up high tariffs we say let the price of the commodity find its own level on the market and let the people buy at that price. If they are going to buy at the world price level, then they should subsidize the farmer at the difference between the world price and the price that is necessary for him to remain in business.

For instance, if the price of cattle in Canada were 30 cents and the price in the United States were 20 cents, our price would have to come down to 20 cents or imports would come in. Let them come in, and let the price come down. The price must come down to stop these imports, but the farmer must be protected or supported at a parity price, or a price bearing a fair relationship to the price of the things which the farmer has to buy. And if the people of the nation are to have the advantage of buying their food at world prices, then they have every right to subsidize the farmer at a price that he can live at or which bears a fair relationship to his costs.

These subsidies can only come from the same place as all other subsidies come from and I think we are off the track entirely when we consider that this is something that is going to cost the nation too much. If the nation cannot stand it how in the world can the farmer stand it? This is the opinion we have in Ontario and it should be the national picture, because two segments are affected to that degree. So I think this would be an extra point that would be well worth considering: that the farmer must be supported—he must be put in a position of receiving prices which bear a fair relationship to his needs, and if the price of his product must come down to meet world prices, he must be supported in between.

Mr. CHARLTON: In view of the last paragraph on page 16, where the submission explains the position of the farmer today in relation to imports, how is it suggested that prices be subsidized while imports are still being allowed into the country? Do I understand you to say that the prices on the domestic market would be maintained at a true price?

Mr. CORMACK: Yes.

Mr. CHARLTON: What about imports coming into the country?

Mr. CORMACK: The expectation with regard to that would be that our domestic prices might have to come down to meet imports coming in, so long as we have plenty. When the price of hogs, or whatever it might be, comes down to the American price, or the American product comes in, let it come down and let people buy at that price; but at the same time let them support the farmer at the price he needs to remain in business.

Mr. CHARLTON: Yes, I can see the logic of that but how would it be administered.

An Hon. MEMBER: How would you set the prices?

Mr. CHARLTON: I take it each individual farmer would have to be paid. It could hardly be paid to any organization—it would have to be paid to every individual.

Mr. CORMACK: That is right—to the individual, when he delivers a product. There are different ways of doing this and I do not think we could come here with any hard and fast rule. All that has to be worked out, but there are different ways in which it could be handled.

Mr. ARGUE: Any time the government buys a product through a support policy it is in effect carrying out the policy you are advocating—it is buying the product from the producer and taking a loss itself.

Mr. CORMACK: We could take the example of hogs. When hogs go below 23 cents the government will buy and the farmers are guaranteed that 23 cents, and then the price finds its own level if it goes below that figure.

Mr. CHARLTON: I think we all know that a couple of years ago a suggestion was made in the case of any product where an average price was maintained that, in case there was importation of that product, the government would allow imports to fulfil the domestic demand but it would not allow imports to come in and get the benefit of a subsidy paid by this government. It is no

use to subsidize growers in foreign countries. I am wondering what would happen if the price were not maintained at the floor price?

Mr. CORMACK: Mr. Chairman, I feel that as long as we have lots in Canada the price would go down and these imports would not be coming in. Anyway, if we ran into a shortage it might be necessary to bring in imports.

The CHAIRMAN: Yes, but if you subsidize it you are going to put the prices up.

Mr. CHARLTON: That subsidy would only go to the Canadian producer?

Mr. CORMACK: That is what we have in mind—the Canadian producer.

Mr. CHARLTON: But, with increased prices, you would have to reduce imports or you would be subsidizing growers in foreign countries.

Mr. JAMES: I think the idea is that the products of those countries would not come in because you would be selling at world level prices, or those prices less the cost of transportation over long distances, and it would not be favourable for them to enter this country. They could if the supply became short.

Mr. POMMER: Under the policy you are enunciating might it not be that your production would increase so tremendously that you could not find storage space? Has it occurred to you that this might present a difficulty?

Mr. CORMACK: I do not know of a single case where high prices have caused these surpluses that we hear about. This statement has been made many times all over Canada, and attention has been called to the situation in the United States; but this remains only a statement and no one has been able to show satisfactorily that it would in fact occur.

Mr. POMMER: I wonder if you would agree with me that our butter surplus was clearly due to our support, or minimum price?

Mr. CORMACK: Well, I would not make that connection. I think that the substitution of margarine has a great deal to do with what we may call surplus butter. For instance, the consumption of butter per person since 1954 is down 6 pounds, but the increase in the production of margarine in the first six months of last year went up 18 million pounds.

By Mr. Pommer:

Q. Your argument brings up the point which I was trying to get at; by substituting, when your price is too high, the consumer will look for a substitute for butter in that field, and he will turn to margarine.—A. But the price is not too high in relation to his buying power.

Q. I agree.

Mr. CORMACK: He might not look for a substitute for meat if all meats were at parity. When he looks for a substitute for meat is when beef is high and pork is low, or pork is high and beef is low. The support would have to be given to all commodities, not to just one, and they would all perhaps then be at a certain level and there would not be the necessity for having a substitute for any of them.

The WITNESS: The surplus in butter is created because of the economic situation on the farm, not because of the fact that it is supported out of reason; but because we have one commodity on the market that has relatively sound support and people are turning to it as an alternate source of revenue.

We have the same thing in milk. In Manitoba it is not a support price, it is the price set by the Milk Control Board of \$4.35 a hundred to the producer of whole milk. That price has not been maintained because there is not enough production in milk. For every farmer shipping whole milk today there are two more farmers who would like to do so, but they are in the business, they are producing for that market, and they are allowed to deliver milk to supply

their quota; consequently the price has remained constant, and the consumer is not paying more; he is getting a good product at regular prices.

The same thing could happen for a lot of our other commodities as well.

Mr. JAMES: How widespread would you suggest the parity system should be? On all products?

Mr. CORMACK: I think if you are going to have parity for farm products it has to cover them all.

Mr. ROBERGE: Wouldn't there be a danger of over-production in that case? What would you do with a surplus, let us say, such as that of potatoes that they had in the United States?

Mr. CORMACK: We had a big surplus of potatoes last fall, but they are not here today.

Mr. ROBERGE: Yes; and they had to plough them under in the United States.

The WITNESS: Don't you think we could do the same thing with beef and pork that we are doing today, in my illustration with respect to milk?

Mr. ROBERGE: I am referring to products which would not be saleable.

The CHAIRMAN: If you did the same with beef as you did with milk you would have to restrict production.

Mr. ROBERGE: Yes.

The CHAIRMAN: If you used milk as an example, milk is restricted to a certain production, and if there was no restriction on the production of milk at the moment its production would probably double in our own province.

The WITNESS: There is no restriction on the production of it.

The CHAIRMAN: If they want to produce more for the fluid market, you mean?

The WITNESS: Yes, they are restricted on that.

The CHAIRMAN: Nobody would sell anything but fluid milk if he could get into that market.

By Mr. Argue:

Q. You may have something close to parity price for milk, but you do not have anything else in the agricultural industry, so everybody would want to produce fluid milk.

The WITNESS: Returning to the dairy farmer in Manitoba, we had a loss of revenue in the last five or six years, for his combined farming operations—in other words his milk sales are not sufficient even under the present situation, and as to the other non-dairy operations on his farm, he requires his dairy operations to subsidize his farm.

The CHAIRMAN: I wonder if we could get on with the latter part?

By Mr. Cardiff:

Q. A lot has been said about the high cost of living. It is not due to food; but nothing has been said as to the reason why we have a high cost of living. As long as you have labour working an eight-hour day and farmers working a sixteen hour day you will never have any balanced economy there, because if labour would try to earn some of the money they are making, we would not have such a high cost of living.

If the cost of living came down we would not be seeking higher prices for farm products; but labour keeps striking every once in a while. Automobiles are about twice as high as they ought to be. Why? Because the labour which goes into an automobile and the steel, and all the rest of it is so high that apparently they cannot produce it at any cheaper price.

I think this problem should be tackled from the other side as well as from the farmer's side because it does not make any difference to us what we can get for our stuff as long as we do not have to pay too much for what we have to buy.

Here are the steel companies about to go on strike. Every few days there is some outfit or other going on strike and raising the prices we have to pay; but they never have tried to earn some of the money they make. I repeat: the high cost of living is not due to food. It is not food that has caused the high cost of living; it is the cost of everything else you buy.—A. In that regard, speaking of labour and the automotive industry—I am not too conversant with the thing—but I would mention one factor there in the automotive industry. While we feel there are pretty high wages paid there, yet we have an automotive industry which was the most highly remunerative industry in the whole field.

Last year General Motors—in spite of a reduction in sales—made more money than they ever made in their history. And may I give you another illustration, getting back closer to the things I know more about.

Let us take wheat, for example, and flour and bread. We had an increase of one cent in bread in Winnipeg some months ago. The reason given for the increase in the price of bread was said to be the increased cost of the ingredients, the increased cost of labour, and the increased depreciation on the machinery.

I was in a bake shop or a store where they sold bread and I said "The price of bread is going up". And the clerk said "Yes, it went up today; there is the ticket on the shelf." "I wonder why the price of bread has gone up", she replied "The ingredients have gone up; hasn't the cost of flour gone up?" "Where does the flour come from?" "It comes from the farmer and the farmer grows the wheat and so the price of wheat is up, and therefore the price of bread is up."

We went back and did a little work on it and we found that within the last three years the price of bread had increased 23 per cent, while the price of No. 1 wheat had gone down by 10 per cent. The cost of labour had gone up 30 per cent, yet the labour force had been reduced by more than 30 per cent, and so there was less labour-money in that loaf of bread today than there was three years ago.

By Mr. Argue:

Q. There you are!—A. They paid their wages and they got all their wages out of that bread but it took less labour-time and labour-money to produce that loaf than it did three years ago. So it leaves one other factor—our cost of distribution, our merchandizing and our so-called consumer preference that the consumer is not evidently prepared to pay for. So it backs up to the farmer.

We pointed out as well that we could have an increase of one cent a loaf in our bread but it would take over 60 cents of an increase in the price of wheat to reflect only that one cent of increase in bread. So we are asking that we may have parity prices, overall parity for our wheat and a lot of these other basic commodities, without costing the consumer any more. But we must look at some of the other factors in there, excluding labour and the cost of the ingredients to start with.

By Mr. Mang:

Q. In what way can a federal government tackle this price spread you have just referred to in the distribution end of it? Shall we put a limit on the profits that companies may make, or shall we tell the consumers that they must not be quite as fussy about the way they want their bread wrapped or

delivered and that sort of thing? I recognize there is a problem; we all recognize the picture, but how to get at it is the thing? Are you going to pass laws about it? How can we do it without a controlled economy?

Mr. ARGUE: You cannot do it!

The WITNESS: Let us look at it this way: these people on the other side of the fence are able to put a price on the cost of their product. Isn't that right? Would you agree?

Mr. NICHOLSON: That is because they are organized.

The WITNESS: Yes, they are organized, but let us organize too. We are neither organized nor protected. Maybe the first factor is a big element in it, but it is not the biggest factor.

We have a perishable product and at the same time we are subject to importations so we are controlled whether we like it or not; the farmer is controlled both ways.

We have instances where the farmers could sell and do business on an export market to our own advantage, if we were dealing directly. And in that case our bushel of wheat would not be worth 65 cents but \$1.65 or maybe more. But we would have to take our product into those countries where they have a lower standard of income.

There was one case last summer where a boat-load of goods was at the west coast but it was never unloaded. It was cement and textiles from Japan. All they wanted in payment for it was wheat, and our wheat was blowing across the prairies because there was no place to put it. We could have bought that cement and we could have sold it in Winnipeg at \$1.00 per bag rather than a price of \$2 or \$2.25 or whatever the price is at the present time; their textiles perhaps would have cost us from one-third to one-half of what we were paying for them. I use that as an illustration to show that we are subject to set prices for our commodities on the world markets; but if we did business with them directly, if we had free trade within the economy we have today, it would make for greater buying power for the farmer.

You can see the position that industry and labour is in today because of the fact that they have chosen this high cost economy, because we are living in a projected sphere which is so much above the rest of the world. If they are going to live in the air, they must be prepared to pay for it just the same as a ditch digger in trying to live alongside a member of the house of commons.

By Mr. Mang:

Q. They are about on a level as far as take-home pay is concerned.—A. He would, of necessity, have to receive a subsidy in order to live there; labour would; we would, too, by the same token. I know that is rather a crude simile perhaps, but we would have to do exactly the same thing.

We are living in this high cost community and our wages will not warrant the way we are living within this community and enjoy some of the standards of living with the rest of society. What are we going to do about it? Are we going to reduce the prices of industry and labour down to the world level where we can all do business on an even keel, or if not, if industry is going to continue in the price field we are working in at the present time, then industry and other groups must be prepared to return some of the benefits which they have taken from agriculture and which enable them to live in that part of the town.

The CHAIRMAN: Are there any more questions, Mr. Cardiff?

Mr. CARDIFF: No, I am not going to ask any more.

The CHAIRMAN: Mr. Blackmore?

By Mr. Blackmore:

Q. I wonder if I might ask the witness if he has any idea as to how international distribution can be effected? Has he given that matter any thought at all? He spoke of many nations which desire our product but which are not able to pay for it. Has he given any thought as to how we might improve matters?—A. Yes, we have given considerable thought to it but unfortunately until we can, may be, move one government in the right direction it would be pretty hard to move the other ones along that line of thinking. That is not meant as any reflection on any government that is in the field. It is a matter for international trade and it is something about which I think there has to be a total appreciation of the whole situation on the part of world governments.

F.A.O. has done considerable work in that field and they have made strong recommendations as to how a world food bank might be set up. Probably there is room for more thought and study from the layman's point of view in that field whereby we could perhaps bring forward more reasons why it could be done or how it could be done rather than all the reasons why it cannot be done.

By Mr. Argue:

Q. We have increased our sales of wheat recently mainly because of the recent contracts signed with the so-called iron curtain countries, Czechoslovakia, Poland, Russia and so forth.—A. Plus the fact that they have had misfortunes over in Europe, and that is according to history, that the only time the farmer gets a break is when the world faces a calamity.

Q. You said that it was a matter for international arrangement, and with that I agree; but it seems to me—so that you may know it—Canada as a nation is against it; the western producers welcomed these recent contracts without any question to sell grain to the countries to which I have referred, but I do not see any hope of continuing sales to those countries unless Canada is prepared to buy goods from those countries in the future.

So you see, there is another side to the coin. We do not need any help internationally if we are prepared to do these things ourselves. We could probably look forward to sales to iron curtain countries provided our nation would follow a policy of allowing their goods to enter into this country for sale, without raising anti-dumping duties and other restrictions to prevent those goods from coming here. Otherwise there would be continuing sales of grain.

Surely the world needs our wheat. I do not think that Canada has a surplus of wheat in relation to the needs of the world. If we are prepared to buy goods from other nations which wish to buy our wheat, I do not think we would have any trouble at all selling all the surplus grain we have on hand.—A. There is an important factor in that matter of world trade; while we have been selling a considerable amount to iron curtain countries, yet there are still sales that could be made, or an extension in our sales to those other countries that are not under the iron curtain. Let us take an illustration. There is Japan; but I cannot truck that stuff through the front gate into my farm because it would interfere with industries down in Montreal, Toronto, or even out in Vancouver.

These are people who want my product and I could use their products, and I could buy twice as much of their products as I can of the products produced at home and still not preclude industry of the high standards we have in Canada, yet of necessity I must ignore that market and pass up those sales and buy at home. But they will buy more and they could buy an awful lot more than they do at the present time, but we have got to be prepared to take their goods in return, as you say.

By Mr. Quelch:

Q. The chairman of the Dollar Sterling Board pointed out that Great Britain would be prepared to buy more of our goods if they had the dollars, and that there is a large variety of British goods which would find a ready market in Canada.—A. I think it is a very important factor that we analyze this matter of trade balance very, very thoroughly, because we have here a trade deficit with the United States, who are not buying enough of our products, and we are prevented from selling our products to Britain because we do not buy enough of British products, or of products from countries which will do business with us.

By Mr. Weselak:

Q. You would have to be careful to what extent you acted in connection with that policy because if you were to carry it to the extreme it would destroy your industrial potential in Canada and it would destroy your best market, which is the market for 95 per cent of your production.—A. Of what production?

Q. A great deal of your other production with the exception of wheat.—A. Yes, it would make a difference there, but I think the crux of the problem is that we are out of balance with world trade.

By Mr. Argue:

Q. Surely if we sell our grain to other countries on a regular basis and at our maximum production, and if they are prepared to sell certain goods to us in this country more cheaply than they could be purchased in this country, surely there could be a re-arrangement of our resources within our nation which would result in an increased standard of living for us. If, in exchange for a bushel of wheat, Japan is prepared five years from now to give us four articles for the two she will give us today, surely we would be better off. I do not know how you could be worse off if you are getting more goods.—A. That is one of the penalties which industry must pay. I am satisfied that if agriculture is ever going to get back and regain its position, that is one of the penalties which industry must pay. I am honestly surprised that Canada as a whole has not come to that decision, when they must realize that we are being priced out of world markets.

They tell us in Canada that we must not produce and raise our prices, to price ourselves out of the Canadian markets; but at the same time Canada as a whole is pricing agriculture out of the world markets. They have priced themselves out of the world markets but the Canadian people must subsidize industry so that industry can make a profit on the Canadian prices and then turn around and export their exportable surpluses to other countries. I am satisfied that they do not get the price for their products which are sold abroad that they get for them when sold in Canada.

By Mr. James:

Q. Would you agree with Mr. Argue and with me that perhaps the only way this could be worked out in its finality and brought into operation would be for the federal government to assume the role of completely controlling the economy of Canada?—A. Well, I would like everybody to understand that I do not pose as an economist. I find it extremely interesting and I only wish that we were well enough off in the Farmers' Union that I might go out and hire one or two of the best economists that Canada could produce.

The CHAIRMAN: It might not help you!

The WITNESS: I think it would in some cases and I am prepared to gamble on that for a start, Mr. Chairman. But national economics is certainly an

involved process. We have a system in Canada which we have been following for a long time. Every time the farmer has got into very serious trouble then one of two things has happened; either we have gone into a depression and pulled the rest of the economy down with us, or there has been a war come along which has lifted us out of it.

I do not believe, gentlemen, that it is a christian outlook to anticipate that either one of these things will happen. There is another factor that could come in here that has been suggested from time to time which would solve our surplus problem. If we had a crop failure, it would solve our problem.

I think that is rather more than a reflection upon the Almighty Himself, because Providence has provided us with a long series of the best crops we have ever had.

I think that the challenge to us is to make use of our commodities and use them as assets, rather than allow them to be a detriment. If we have a crop failure, a general crop failure, that is all we need. Perhaps we would not need to appear before you people next summer; we would need something a lot more drastic than that!

Q. Getting back to my question, Mr. Argue said that he does not agree that you need to have a completely controlled economy. May I make it less severe and say that the federal government would have to assume a far greater control over the economy than it does at the present time?—A. It might mean revising some of our trade policies; it might mean that we would have to watch trade very closely over a period of time, but I believe that if the farmers of the west and the east—if they get a price for their commodities, for their products which enables them to maintain a standard of living—they are not concerned about producing 5,000 bushels of wheat if 4,000 would do the job, and they are not concerned about milking 20 cows if 10 would pay the bill; but where it costs the individual—let us take my own case, where it took 10 hogs a year ago to pay my taxes, this year I have got to have, perhaps 15 hogs, or instead of keeping one sow, I shall have to keep two.

Q. I think you are learning from the politicians!

The CHAIRMAN: Now, gentlemen, we have had a pretty general discussion. Could we not get down to specific questions related to the two reports before the committee at this stage?

Mr. ARGUE: I would like to go on with something specific away on in the brief. I want to ask something more specific about box cars.

The CHAIRMAN: That is what I was suggesting, that we get on with matters directly related to the reports.

Mr. ARGUE: Yes. We are down here for six or eight months of the year and we are not able to keep in as close touch with the local marketing situation back home as we would if we were out there. We hear every day statements about the availability of box cars and the method of handling box cars. We are going to have the transport controller here next week and I am sure that he will say that barring one or two exceptional circumstances there was a marvellous degree of production and allocation of box cars made. I would like to have the opinion of one or more of the witnesses as to what difficulties there were in box car distribution.

Let us go back to last fall and trace it down to see what is being done in more recent times and see what, if anything, is wrong with the situation and that it does not occur again. We would like to have your opinion on the problem.

Mr. A. P. GLEAVE: I did not bring figures with me, but we made two submissions to the transport controller in connection with getting enough box cars to move our grain. I could not give you the position up to date, for the simple reason that I went back to the farm when seeding started and I stayed there.

I think during the winter we made a submission on February 13th and at that time there had not been sufficient box cars to move the grain to fill the space up that had become available at the terminus. I could not give you particular figures from memory, and I would not like them to go into the record here if they were wrong figures, because when the transport controller showed up it would not look so good. But we did not have sufficient box cars at all at that time and we asked him to step up the movement of box cars in order to overcome the shortage that had developed up to that time.

If you develop a shortage over a period of two or three months, you may take any figure you like—if you are down 150 box cars a day, then it piles up and in the following period you must try and get an increased allocation and try to get cars around for hauling at that time; and another factor which entered into it was this: I think the railroad mileage runs something like 40 to 60 per cent, with the 40 per cent being Canadian National Railways and the 60 per cent being Canadian Pacific Railway. The Canadian National Railways has been providing cars as the Wheat Board has said that they could move grain into them, so that, I understand, the Wheat Board is reasonably satisfied with the number of cars that they received on Canadian National Railways' lines.

The chief difficulty has been on the C.P.R. line where the C.P.R. has not been providing its share of the box cars in relation to the amount of trackage in the region. I saw the figures in the office about a week ago and if you check you will find the quotas so that you might have four, five or six bushel quotas established along that line at various elevator points. You will find that the quotas are higher on the C.N.R. line than on the C.P.R. line—you will find there are points with a higher delivery quota on the C.N.R. than on the C.P.R. line and I think that that is our main difficulty, and I expect that is where the Wheat Board is going to run into the most difficulty. That would seem to be the crux of the box car situation—that there were delays on both lines in the earlier part of the year, but that they have been corrected to a large extent on the C.N.R. but not on the C.P.R.

Mr. ARGUE: How do you account for the fact that the C.P.R. provided a smaller proportion of box cars? Is it because it is a privately owned company and that therefore it is anxious to make sure of the maximum amount of revenue? The cars must have been somewhere, either in Canada or in the United States.

Mr. GLEAVE: I would suggest you put that question to Mr. Milner when he appears before the committee. I think the first time I saw him was on November 11 and I told him that the farmers suspected that some of the railroads would rather handle other types of material because there was more money in it. As I recall at that time he assured me that such was not the case and that it was his intention that they should move wheat as it was available. Apparently the C.P.R. has not done that; it could very well be because they were making more money on some other line. I do not know myself what the differentials are, that is, how much more or less profitable it is for a railroad to haul pulp or coal, say, instead of wheat, so I cannot answer your question with any real authority. But I think the only thing that would make them make the cars available would be an actual directive from the transport controller that that should be done.

Mr. ARGUE: And they have never been so directed?

Mr. GLEAVE: That is the only conclusion we can come to.

Mr. ARGUE: You are aware of the attitude of the railway companies. So far as I know both companies opposed before the annual convention of the Saskatchewan wheat pool, I believe, any rule being set out as to the movement of box cars that they should follow.

Mr. GLEAVE: You mean with regard to any directive?

Mr. ARGUE: That is right. They have done everything they can to undermine the Canada Grain Act and the car order book; they have opposed it at every stage and objected to a farmer being given the right by way of a certain rule to deliver his grain to the elevator of his own choice. And I would suggest right now—and I think it is correct—that the C.P.R. has gone even one step further and that with the mess they have made of box car allocation and the supply of box cars it looks to me like a deliberate attempt by the C.P.R. to sabotage orderly marketing through the Canadian Wheat Board. The C.N.R. has cooperated reasonably well in this, but the C.P.R. has not cooperated.

Mr. GLEAVE: That is what our records show.

Mr. ARGUE: Do you see anything wrong with the statement I have made?

Mr. GLEAVE: I would not like to ally myself directly with anybody's statement, Mr. Chairman; I generally make them myself. I do not have the actual figures to read into the record here and I am very sorry about that; but we had very short notice and I actually had to make a flying trip to the farm in order to make it possible for me to appear here today. If I remember correctly, the C.P.R. was short by 144 cars per day over a stated period this spring.

Mr. ARGUE: For Saskatchewan only?

The CHAIRMAN: I am given to understand that the C.P.R. is correcting the situation now. That is my understanding now—that the C.P.R. cars have been moving pretty rapidly and are attempting to catch up.

Mr. GLEAVE: As far as we are concerned in the Union office, we go on the record that we have. We do not know what they are going to do until they have done it, and they have made up the deficiency. If they relieve these farmers—and some of them are on two or three bushel quotas—so much to the good. Some of the members I see sitting here are grain farmers and they will know that you simply cannot operate a grain farm on a four or five bushel quota, subject to delays of this kind; you cannot operate a mixed farm on that, as far as that goes, even if you keep a small herd of cattle they will not take up the slack of an unprofitable grain operation. Nothing will take up the slack for that.

Mr. ARGUE: Let us assume that the C.P.R. makes up for these past arrears. Would it not be true to say that because this was not done last fall it has cost the farmers in that region thousands of dollars because they did not have the money available to pay the interest on their obligations, because they had been unable to get a price for their product while other farmers on the C.N.R. line had been able to market their grain and get some money so that interest charges would not pile up.

Mr. GLEAVE: That is obvious.

Mr. QUELCH: Are these points on the C.P.R. track which have a low quota getting Wheat Board orders?

Mr. GLEAVE: I could not speak for all of them, Mr. Chairman; I can only tell you of the odd instance. I recall one case last winter that might give you something of the picture. We had a meeting down in the southern part of the province—it was a union meeting and there were members there of the wheat pool—and they complained that they had a quantity of shipping orders, but that they could not get cars to haul those shipping orders. And if I recall correctly at that time they were really trying to finish out their 8 bushel quota or trying to get started on their first quota for the current year. When I got back to the office I gave the information to the secretary, and he contacted either the Wheat Board or the transport controller and the farmers were able

to move some grain out. In that particular instance there were shipping orders.

The CHAIRMAN: Are there any further questions?

By Mr. Nicholson:

Q. On page 17 I see a reference to an agriculture marketing conference. I wonder if Mr. Patterson could report on what reception has been accorded to this proposal. As I recall it, during the war there was a production conference but it would seem now that the marketing situation presents more of a problem at the present time. With this marketing problem as important as it is, it would appear that at the same time the provinces might be asked to send in addition to the ministers of agriculture the ministers specially charged with the problems of trade. A joint conference could be held of these departments and it might serve a useful purpose. Could the witness indicate what the response of the federal government has been to this proposal?—A. As far as we know at the present time there will be a special conference held, but we will not be invited. It will just be for the ministers and their deputies on the provincial level with the federal representatives. That is apart from the general—the usual—marketing conference that is held each year.

Q. You have been invited to the production conference?—A. Yes.

Q. But it has been intimated that you are not going to be welcome at the marketing conference?—A. That is correct.

The CHAIRMAN: Are there any more questions? Shall I thank the witnesses?

On behalf of the committee I wish to thank Mr. Patterson, Mr. Gleave and Mr. Cormack for their attendance today and I am sure I am expressing the feelings of everyone here when I thank them for the many answers they have given and for the time they have taken. Now we will meet next Tuesday at 10.30 a.m. in this room, when the chairman of the Wheat Board will be here.

Mr. GLEAVE: Mr. Chairman I wonder if before you close the meeting you will deal with this appendix to the submission.

The CHAIRMAN: Oh yes. We did not refer to the appendix. As you know we all received a copy of the appendix.

Mr. GLEAVE: I suspect, Mr. Chairman that you will soon cut this one out.

The CHAIRMAN: You all have a copy of the appendix in your hands and, if I am not mistaken, this concerns two judicial cases.

Mr. GLEAVE: This appendix concerns two cases which were dealt with to some extent by the Board of Grain Commissioners.

The individual concerned was not satisfied and we were not, so we brought them here to come before your committee for consideration.

The CHAIRMAN: Well, everybody has a copy and I presume this is a matter which members wish to bring up when the commissioner is here. Do members wish to ask any questions on these two cases?

Mr. ARGUE: Do you wish them to explain them to the committee, Mr. Gleave?

Mr. GLEAVE: Explain them or read them as you wish.

The CHAIRMAN: This is one of those cases which contain a lot of correspondence and the matter has to be studied and considered very carefully, if not slowly—

Mr. ARGUE: I think Mr. Gleave would help the committee if he would outline some of the points involved.

The CHAIRMAN: Let us take the first case. Can you say in two or three words what the problem involved in that is?

Mr. GLEAVE: Lack of action. That is three words.

The CHAIRMAN: Is that the principle?

Mr. GLEAVE: I will put it reasonably briefly, then, Mr. Chairman.

A certain Mr. Miller of Neudorf appears versus the C.P.R. and, to put it briefly, a car order book was set up at Neudorf and subsequently discontinued. Mr. Miller considered that under the regulations as set out in the Canada Grain Act he should have been allocated a car to enable him to ship a carload of wheat. The agents at that point apparently got together and instructed the elevator agent that the car order book should be discontinued, as a result of which Mr. Miller did not get his car and was unable to ship his carload of wheat, and he claimed as a result that he had lost a certain amount of money in not being able to ship that car of wheat. He asked one of the assistant commissioners, Mr. McLean, to investigate the case. There is a report here of the opinion, I think, of the vice president of the C.P.R. on the matter, and they claim that the agent was justified in dispensing with the car order book. But as far as we can find out from the act he was not.

The CHAIRMAN: Well, I read the case myself and I think that probably the interpretation of the case which I got was a little different. I think that what the board said was that the agent suspended the car order book in good faith. I think it was recognized by the board that he really had no right to do it, that everybody agreed it was better to do it, and the situation was that all the elevator companies gave him a statement that the farmers had no more grain to deliver and they wanted the car order book to be suspended. Now it was proved that the board said they were satisfied that the agent did it in good faith. Whether the gentleman in question, Mr. Miller, suffered as a result of the action was the next point that was investigated, and they came to the conclusion that they could not see how he could have suffered by the car order book being suspended, due to the fact that as of the day the car order book was suspended there was a restriction from the Wheat Board to the effect that nothing but coarse grain should be shipped from that point. Consequently even if the car order book had been in operation he could not have shipped a carload of wheat because wheat could not be delivered in that time. There seems to be a difference of opinion as to what would have happened on the day the car order book was suspended.

Mr. GLEAVE: That may be, but the car order book was not suspended, was it? To us it is not good practice for a station agent to dispose of a car order book. It is the only thing that says that a farmer has a right to ship his grain in order. We consider, as far as the Board of Grain Commissioners is concerned, that they should have had a hearing and allowed Mr. Miller to present his case. If he did not have a case and if it fell through, then it fell through; but we consider that they should have held a hearing and allowed Mr. Miller to present his case and let the matter rest on whatever came out of that hearing. If the car order book cannot operate better than it did in this case, and if it cannot give a farmer any more protection than Mr. Miller received, we believe that the Canada Grain Act should be overhauled in order to give the farmer protection in some other way. It is very difficult at the present time for a farmer to deliver grain to the elevator, but we are concerned that he shall continue to have the privilege of delivering grain if he wishes to do so, and we are not satisfied with regard to the mechanics of this case. It may be as you, Mr. Chairman, say—anyone reading this report may consider that Mr. Miller was justified or if they were of a different turn of mind, unjustified. There is no question, after reading the report, however, that the station agent did not comply with the act. I think you will agree with me on that point.

The CHAIRMAN: That is quite right.

Mr. GLEAVE: And if the act is such that the station agent could not comply with it, and still operate his business, then the act should be changed. The station agent should have to comply with it.

The CHAIRMAN: But as you know, over the past few years it has become a very general practice to suspend the car order book to meet the situation.

Mr. QUELCH: Who suspends it?—The Wheat Board?

The CHAIRMAN: The transport authority.

Mr. QUELCH: In this case it was an individual station agent.

Mr. GLEAVE: In effect, that is correct.

The CHAIRMAN: I do not think anybody is disputing that. I must say I read that case rather closely, and it seems to me that the point which arises is whether a man suffered as a result of the action taken.

Mr. POMMER: At the present time a station agent has no power to discontinue a car order book.

Mr. GLEAVE: No.

Mr. POMMER: That was made clear last year.

The CHAIRMAN: That is true, but we know that over the past years there have been many cases where by common agreement the thing was not used.

Mr. POMMER: If people agree among themselves they take it off.

The CHAIRMAN: In this case they all agreed that their names should be struck off.

Mr. GLEAVE: Except Mr. Miller, and if one man does not agree to have his name taken off the book should stand.

The CHAIRMAN: The point of substance left is: was the car order book suspended by the transport controller and, if he suspended the car order book, Mr. Miller could not have suffered any loss.

Mr. GLEAVE: In the correspondence I have here there are several letters from Mr. Miller and I do not find anywhere in the correspondence that the car order book was suspended.

The CHAIRMAN: It is another way of speaking. If an order had been issued that nothing but coarse grain could leave that point that would mean that a carload of wheat could not have been shipped anyway.

Mr. GLEAVE: There is no such correspondence on the file saying a directive was issued.

The CHAIRMAN: Oh, yes—

Mr. WESELAK: It indicates here that the man concerned was secretary of the local wheat pool committee at that time. Would he not have had the knowledge of the action of the agent, then?

Mr. GLEAVE: There is a statement from Mr. Miller, and according to this statement the wheat pool had agreed that the pool agent could dispense with the car order book if certain commitments were met by other agents in respect to the distribution of cars and relating to Mr. Miller. The other agents did not comply with the provision that was desired by the wheat pool committee, therefore Mr. Miller, since this was not done, would not go along with the doing away with the car order book.

This is an involved thing and that is why I think the Board of Grain Commissioners should have held a hearing and got to the bottom of this matter instead of brushing it off. If they had gone down and found that Mr. Miller had not acted in good faith it would have been another matter. I think they would have been justified in doing so.

Mr. ARGUE: Is it not the primary duty of the Board of Grain Commissioners to see that the rights of producers are protected by the car order book and that these rights are in fact enforced?

Mr. GLEAVE: That is a primary job of the Board of Grain Commissioners. Mr. McLean and, I understand, one of the other commissioners went down there but exactly how they proceeded I do not know. Apparently they did not proceed to the extent of satisfying Mr. Miller because he persisted in coming to us and asking about the matter. If there had been a hearing and if evidence had been taken and a decision made we would have dropped the matter. That, apparently, was not done. In its present state the case is unsatisfactory.

Mr. MANG: It is surely a matter of human relations. If they had had a diplomat there it could have been fixed up.

Mr. GLEAVE: Well, certainly, you have the fact that human relationships are in this a great deal, and you will find that in this case what we are concerned about as a union is this: will the farmer be able to deliver his grain to the particular elevator that he chooses.

If the car order book has got into difficulties so that that cannot be accomplished, then the Board of Grain Commissioners or this committee should conduct a hearing and hear the interested parties and set up some machinery whereby he can deliver his grain to his point of choice.

Mr. ARGUE: We heard all the evidence about that last year but the majority of the members would not do anything.

Mr. GLEAVE: That is the crux of the situation, and if you should read the correspondence, you would wonder whether justice was done here or was not done here. I think they should have held a hearing.

The WITNESS: Are you saying that you think a hearing should be held on the case?

Mr. GLEAVE: Yes, we think a hearing should be held on the case.

Mr. ARGUE: You think there should be a hearing held on this individual case?

Mr. GLEAVE: Yes.

Mr. QUELCH: Would it do any good to hold it now?

Mr. GLEAVE: Yes, I think so. If Mr. Miller still wants it to be held, all right, but if he wants to drop it then all right, we would not press it but if he wants a hearing held we think he should be given the privilege of stating his case.

Mr. ARGUE: In your dealings with the Board of Grain Commissioners in these other cases and generally in their handling of the administration of the Canada Grain Act, have you found them as efficient, as cooperative, and that they expedited matters as you would like to see?

Mr. GLEAVE: That is a question!

The CHAIRMAN: Yes, that is a \$64 question!

Mr. ARGUE: I think it is an important question. If this is an isolated case—if this is one mistake in ten years, or if there are two mistakes in ten years, then perhaps it is not too important; but if this is an example of a number of cases and only this one has been brought to light in this way, then it is important!

Mr. GLEAVE: There have been other cases with the car order book. You can take this file here and see a list of some of them.

Mr. MANG: Percentagewise out of 200,000 shippers of wheat, that would not be too violent a percentage.

Mr. GLEAVE: No, it is not too high a percentage, but some of these cases are not too satisfactory. And I know of another case where you have much

the same sort of thing, where it is not too satisfactory, yet. It has been brought to a conclusion; but again you have the human element in it, and in this other case you run into much the same picture, where the elevator agents are disgusted with the operation of the car order book so they want to get rid of it, and they do throw it out; but one farmer is at a certain disadvantage and they say "We will make some adjustment", and they do it, and he is reasonably well satisfied, and the thing is closed up.

But you can go to a great number of elevator agents and they will tell you that they do not want to put the car order book into operation because it makes their grain handling operations cumbersome as soon as they do. But we are not satisfied with the way the Board of Grain Commissioners handled it. Perhaps they are not satisfied with the way we approached them either, but at the same time they might find it hard to enforce because of the human element.

Mr. ARGUE: Have you an alternative to suggest to the committee?

Mr. GLEAVE: I think we have suggested alternatives. We say that where there are different elevators, then permit the seller to indicate which elevator he wants to deliver his grain to, and if you have the total acreage going in there in bushels you can deliver across to that point, as the elevators have indicated, to permit the sellers, when they wish to deliver—you can deliver across in proportion to the "bushelage" you expect to go through that elevator.

Mr. QUELCH: Won't the allocation across have to depend in part on the Wheat Board's shipping orders?

Mr. GLEAVE: Yes.

Mr. QUELCH: If there are three elevators and only one elevator had shipping orders, you would have to go to that elevator. The Wheat Board would have to agree to allocate their orders in proportion to the desires of the farmers.

Mr. GLEAVE: Yes, you would have to have the cooperation of the Wheat Board in order to make it effective at all. You could not possibly sit here and have me make a suggestion to solve the whole thing. You would have to study the thing and get the full cooperation of the Wheat Board.

Mr. POMMER: The Wheat Board does not allocate shipping orders to a point.

Mr. GLEAVE: No. The Wheat Board allocates orders to the various companies, and the various companies allocate them as they choose. But if they had a system like this, you would say to the United Grain Growers at one point: "We are asking for 40 per cent of the cars, let us say, as there are shipping orders coming along, and that would enable them to look after the grain that goes out of there."

Mr. POMMER: They might take those shipping orders up at a point where there is no competition and send them to a competitive point. The elevators might not be making an equitable distribution of their shipping orders.

Mr. GLEAVE: Well, they can do that now, can they not?

Mr. MANG: You might have this situation: that you would indicate the elevator of your choice, and there are 80 out of 100 permits to sellers at that point, and there are three elevators, and the 80 there say: "We are going to sell to the National or to the Pool;" and if you have a heavy delivery season and you run into a harvest, the first thing you know, you have that one elevator filled up; but here are two other elevators and there are twenty people and they want to get some cash. What is going to happen then? Your elevator can fill up in a day, for that matter, or two days; then your choice again goes by the board because you are going to deliver where there is space if you want some money. But of course if you want to wait until later on,

perhaps there will be 20 or 25 cars laid over, and then that is all right, but that is one of the difficulties.

Mr. ARGUE: The farmer can deliver to any elevator but he can indicate where he wants the box cars sent.

Mr. MANG: Yes.

The WITNESS: I think in fairness I should add to the discussion that as far as the Board of Grain Commissioners are concerned, we do receive a good reception from these men when we meet them, and while there are perhaps some things yet to be desired that we can work to, I think that by working along with them we can perhaps follow these things a little closer and put a little more pressure at the early stages and no doubt be more satisfactory to all concerned.

I can still say that there is room for a closer check up on local elevators from the standpoint of discrimination in the case of some farmers at some points. That is something I realize may be beyond the capacity of the Board of Grain Commissioners to deal with effectively at the moment, but we would like it to be known and we will make it known that these cases are under study and that perhaps if the matter is now straightened out, then the Board of Grain Commissioners might, of necessity, be asked to take the matter under their consideration.

Mr. GLEAVE: In this case we are not satisfied that the Board of Grain Commissioners went to the lengths that they should have gone to get to the bottom of this case. We consider that they should have got to the bottom of it and given the man satisfaction. If he was wrong, then he was wrong just the same as I said to a Canadian Pacific Railway agent one time when we asked him to correct a situation. He said: "What are you going to do? I am going to see this thing through." And I said "That is fine, that is what we want you to do."

The other case involved licensing and bonding and I would appreciate it when you meet with the Board of Grain Commissioners if you would take it up with them. In this case the farmer lost the value of a car load of wheat. This farmer was licensed by the Board of Grain Commissioners but he sold his car load of wheat for seed, and the dealer did not pay him for it. The Board of Grain Commissioners started out to get what was due to him from the bonding company and they found that the bond did not cover that car load of wheat because it was sold as seed. We feel that they should extend the bond, and that if the Board of Grain Commissioners licensed a dealer at all, then the bond should cover all his dealings because he is licensed by the Board of Grain Commissioners.

The Board of Grain Commissioners suggested that we take it up with the province and we did so, but the province pointed out that since it was a federal matter they did not feel that they could take care of it.

Their licence should cover any cases where it has full control of the operations. The licence should cover all the operations; the bond should cover all operations.

In this second case the man was not covered, and there were two or three people involved. We would appreciate it if you would point it out to the Board of Grain Commissioners when they are before you and ask them to take the necessary steps to have the licensing and bonding followed through so that the man is protected. He may not be aware until too late that his bond does not cover it.

Mr. NICHOLSON: Was this man employed by the McCabe Company at the time this grain was bought?

Mr. GLEAVE: No. He leased the premises from McCabe.

Mr. NICHOLSON: But he was bonded?

Mr. GLEAVE: Yes as a grain dealer. He leased the premises from McCabe and went into the operation of buying seed grain. At that time some of it was moving to the United States because it was of high protein and they were buying seed grain and selling it as commercial grade. He leased those premises and went into business on his own, and went to work. The McCabe company was not involved in any way. It was not actually anybody's fault other than the fact that the bond did not cover all his operations.

The CHAIRMAN: That would arise from the fact that seed grain does not come under the Canada Grain Act?

Mr. GLEAVE: That is right; it is not a grade.

The WITNESS: Mr. Chairman, on behalf of the interprovincial council and the gentlemen with me here today I would like to express our appreciation for the hearing we have had and to say that if there is any further factual information which any of you gentlemen would like to have we would be only too glad to obtain it for you. I may say also that we have a number of copies here of a pamphlet on parity prices and that there are some points in it which may be of interest to you.

The CHAIRMAN: Thank you very much.

The committee adjourned.

APPENDIX "A"

SUBMISSION

to the

STANDING COMMITTEE ON AGRICULTURE AND COLONIZATION

by

THE INTERPROVINCIAL FARM UNION COUNCIL

comprising

The Farmers' Union of Alberta
 The Saskatchewan Farmers' Union
 The Manitoba Farmers' Union
 The Ontario Farmers' Union
 The Farmers' Union of British Columbia

This is the fifth successive year in which the Interprovincial Farm Union Council has appeared before the House of Commons Standing Committee on Agriculture and Colonization. As representatives of five provincial farm organizations, we wish first of all to voice our appreciation for the privilege of presenting the farm union viewpoint to this important Parliamentary body.

As on the previous occasions, our submission is confined chiefly to those items referred by the House to the Committee for special study, namely: grain marketing and handling problems, as contained in the Reports of the Canadian Wheat Board and the Board of Grain Commissioners. But, to support our specific recommendations on these matters, we wish first to deal in a general way with the economic position of the agricultural industry, and then present our viewpoint on those items that are under study and other factors that bear a close relationship to them.

In view of the fact that Canadian agriculture constitutes a most important factor in our national economy, we hope that this Committee in its study of the various complex economic problems confronting this industry, in particular the marketing and handling of grain, will give more favourable consideration to our complaints as well as our recommendations.

Importance of Agriculture in Our Economic Structure

Canadian agriculture is the most important single industry of this country and it is likely to continue so. A few years ago such facts were common consciousness; today they require repetition. They tend to be cast into shadow by the glamour associated with the rapid development of secondary industries. The unconscious and erroneous notion that Canada can prosper without considering the importance of our basic industry in our economic structure and its economic relationship to other industries, is a notion that has been widely accepted in society, including government circles.

Therefore we wish to remind this Committee that the inherent productive power of the agricultural areas constitutes the country's greatest natural resources, because this *power is permanent* in contrast to the wasting nature of resources that provide the basis for extractive industry. In addition to supplying the food and fibre for Canada's growing population, it is providing a great volume of export products which help to maintain this country in a foremost position in the vital field of world trade.

As an indication of the importance of agriculture in our national life, car loadings can be cited as an example—for the period 1946-54 inclusive, 19.7% of Canadian railway cars were loaded with agricultural produce. In addition, goods shipped to the farm in the way of machinery, lumber, fertilizer, fuel and other commodities would represent impressive car loading figures, if figures were available. Probably 25% or more of the total railway car loading can be attributed to farm traffic.

This shows that the farm is not only a place of production but also a marketplace for other industries. Canadian manufacturing has developed largely as the result of farm buying. The farmer is not only a purchaser of consumer goods, but as a producer buys raw material and more capital equipment than any other segment of the Canadian population.

Figures of 1951 (last census) show more than 500,000 motor cars and trucks, and some 400,000 tractors, on Canadian farms—and farm mechanization in Canada is far from complete. The 1951 census shows that for every 100 farms in Canada, there were only 53 automobiles, 31 trucks, 64 tractors, 15 combines, 12 milking machines and 32 electric motors. Depreciation and wear on farm equipment is very rapid and under normal conditions and with adequate purchasing power, farmers replace equipment on the average of six to seven years.

While the potentialities of agriculture as a buying power on the Canadian and world market should not be underestimated in any calculation of the future, its importance as a productive industry is incalculable. According to the *Newsweek* magazine of August 14th, 1955, the rate of growth of the world's population at the beginning of the nineteenth century was 0.3% annually. Today's population figures are compounding at a rate of 1% annually. The increase of the Canadian population is as high as 2½% annually.

How much the future well-being of Canada and the world as a whole depends on agriculture and its productive capacity, can perhaps best be realized when considering that it is estimated that by 1987 Canada will have an additional ten million mouths to feed. The world's population in 1955 was calculated at 2.8 billion and the prospective population in 1987, only 32 years from now, is calculated at 6.6 billion.

Unbalanced Condition In Our Economic Development

During 1955 Canada chalked up all-time records in production, in commerce, in investment, in construction, in retail sales and in gross national production—the latter for the first time exceeding the 26 billion dollar mark. Industry and business are thriving. Her cities are flourishing. Her financial institutions are growing increasingly wealthy. Her people enjoy a high standard of living. In short, the Canadian people are enjoying boom times—boom prices, boom wages, boom fees and boom profits.

The notable exception to this picture of record prosperity is that of the farmer and his family. Because of the continuous price declines in farm products during the past few years, while the farmer's cost of production has constantly moved upward, our basic and most important industry has suffered a most serious setback and is slowly drifting into a helpless position.

The outworn and unreasonable practice of producing for sale on an international and home market without protection, in competition with protected products from other countries, while at the same time farmers must purchase protected Canadian goods and materials to carry on their work, has created the most unbalanced condition in our agricultural industry.

Many prominent Canadians, looking back on 1955 and looking ahead for 1956, have given glowing accounts of Canada's general prosperous and favourable position. But agriculture is not sharing that prosperity. It is doubtful if farmers have ever experienced as great a drop in prices, especially when measured in purchasing power, as in the immediate past, without this decrease in their prices being accompanied by some drop in farm costs.

The most glaring example of this unbalanced condition is demonstrated in the following table showing the constant decline in wheat prices in the past few

years and the more drastic drop of the buying power of a bushel of wheat, in 1935-39 dollar value:—

TABLE I

Prices and Purchasing Power of a Bushel of Wheat, 1945 -			
Average for each crop year based upon -	Average year Price Wheat Cents per bu. Basis #1 Nor. Ft. Wm.	Index prairie farmers Pro-duction Cost	Purchasing power per bushel wheat Basis 1935-39=100
1945-46	\$1.83·3	143·0	\$1.28
1946-47	1.83·3	155·0	1.18
1947-48	1.83·3	179·6	1.02
1948-49	1.83·3	189·5	.97
1949-50	1.83·3	196·1	.93
1950-51	1.85·5	215·6	.86
1951-52	1.83·6	227·9	.81
1952-53	1.81·7	224·7	.81
1953-54	1.56·3	224·2	.70
1954-55 (initial price)	1.40	226·4	.61

(Source: Searle Grain Bulletin, Vol. 25, No. 14, Page 2, and Vol 25, No. 19, Page 6)

This is the most striking picture of deterioration. Is it a wonder that farmers are becoming alarmed over their position in the Canadian economy? There were only two years in our entire history—1931 and 1932—when the purchasing power of a bushel of wheat was lower than today. This is ample proof that the primary producers of this country have reached practically the same miserable position as they were subjected to in the “dirty thirties”.

The unreasonable drop in livestock prices in the last four years can be cited as evidence of our assertion. When converted into purchasing power of a pre-war level the all too low prices disappear into insignificance.

TABLE II

Livestock Prices, St. Boniface Yards, 1951-1955.

	1951	1955		1951	1955
All grades of Cattle ...	\$27.40	\$13.95	Hogs, all grades ...	\$30.85	\$22.05
All grades of Calves ...	32.30	18.45	Sheep, all grades ..	28.61	15.35

The Ontario Farm Business magazine, Fall issue 1955, gives an example of how much the annual income of an average Ontario dairy farm has been reduced by the drastic decline of cattle prices. Calculated cattle sales for Ontario, (including exports) fell from \$77 million in 1951 to \$35 million. Per cow sold, this represents a drop from \$219 in 1951 to \$94 in 1954. With an average size herd of about 18 milkers and a probable sale of 3 cows per year, this would entail a change in receipts per farm of \$650 in 1951, down to \$282 in 1954. At the same time Ontario's total farm expenses have increased from \$357,049 in 1950 to \$433,369 in 1953.

Dairy farming is the only branch of our general agricultural group that has not suffered reduction in prices of whole milk and butterfat in recent years, but even with this degree of stability of price, losses in beef prices and increased costs have reduced the dairymen's income.

This unbalanced condition created by supposedly free market prices for farm products in a protected industrial home market has had a crippling effect on Canadian agriculture. Because its destiny has been hinged to free world

market prices while most other industries in this country have been sheltered with high tariff walls against competition, no other part of the Canadian economy has suffered a corresponding decline. In fact, there has been a considerable increase in prices and income of most other industries, which has resulted in a consistent rise of profit and wages.

Agriculture has become the weak link in our economy

The earnings of 298 Canadian business firms, shown in a study published by the Financial Post on May 7th, 1955, were just about as good in 1954 as in 1953. Their combined net profit in 1954 was only 0.4 per cent below 1953 and their earnings before depreciation, interest and income tax deductions were down just under 1 per cent. Out of the fifteen main groups the seven who showed combined net profits were oils, metal, pulp and paper, public utilities, foodstuffs, construction and lumber. All of these had better net earnings in 1954 than in 1953. Only the textile group—29 companies—showed a combined net loss. Net profit of 17 pulp and paper companies, on the other hand, rose by 15 per cent. Within the groups themselves, seven groups had more companies with net profit gains than reduction.

The working capital position of the companies as a whole was considerably ahead of the 1953 level—the combined total rising 6.2%, with the merchandising group registering 20.3% and the finance group an 18.5% rise.

Five groups of companies did show a rise in net worth return—metal, pulp and paper, public utilities, construction and lumber. The metal group showed a return on money invested of 15.15% and finance by 15.06%. The return for the whole group—298 companies—was 8.48%.

The financial standing of Canadian corporations in 1955 reveals an even more flush position. Figures released by D.B.S. at the beginning of December 1955 show that earnings before taxes for the nine months ended September 30th, 1955, were \$2.2 billion—up 22% from the the corresponding 1954 period. Earnings after taxes were 20% higher at \$1.2 billion. The gains in the third quarter were even more impressive—34% for earnings before taxes and 42% for earnings after taxes.

These figures indicate clearly that industry has been richly endowed in the last few years and has reached a most favourable, if not exuberant, position in our economy. Its beneficiaries have gained in two different ways: first by increasing profit which means higher dividends, second by rising stock value resulting in extra capital gains. In the steel industry, for example, stock prices have risen by 33.2% since December 1954, and 95.2% since December 1953. Stock prices in machinery and equipment have risen 34.4% since December 1954 and 101.3% since December 1953.

In spite of the fact that agriculture has no part in this prosperity spiral, the upward trend continues. In the white paper issued by Hon. W. E. Harris, Minister of Finance, he observed that in 1955 consumer prices were relatively unchanged from the previous year, but there was a two percent increase in overall wholesale prices and this “concealed very large increases in some of the components.” Prices for non-ferrous metals showed the biggest rise, almost 18 percent. Prices for industrial materials increased by eight percent and those for building materials rose between three and four percent.

According to the Financial Post of March 10th, 1956, from January 27th to February 24th (less than a month) industrial materials at wholesale prices index moved up from 246.0 to 249.2. Ten of the thirty items in the series advanced in price, led by linseed oil, beef hides and copper and tin.

From January 26 to February 23 common stock prices (investor's composite index) rose from 245.6 to 252.4. The 76 industrials advanced from 253.6 to 261.8, the 7 banks from 261.1 to 266.8 and the 13 utilities from 204.2 to 205.1. Oils advanced by 6.5% and building materials by 5.8%.

Dividend declarations and payments by Canadian corporations for the first quarter of 1956 stand at \$172.3 millions, compared with \$160 millions for the same period last year—an increase of 7.17%. In the mining category payments declared are up 14.7%, in the financial field 15.9% and in the oil group 34%.

Canada's paid workers received \$12.8 billions during 1955 which is 7.5% more than in 1954. Labour income for the construction group rose 13.5%; finance and services 9.5%; distributive groups 6%; primary industries 3%.

In comparison with those who profit from industry, those in agriculture have been caught between the iron jaws of rising cost and falling income. In 1951, farmers received 63% out of every dollar spent by consumers on Canadian-produced food, but this ratio has continued to decline until in 1954 they only received 51¢. In 1951, total consumer spending on Canadian-produced food was \$2,649 million, of which the amount received by farmers was \$1,660 million—but in 1954 consumers spent over \$3,066 million of which farmers received only \$1,573 million. So, in three years, consumers' expenditures in food increased by \$417 million, but farmers' returns fell by \$87 million in the same time.

TABLE III

Farmers' share of the consumer dollar, 1951 - 1954

	1951	1952	1953	1954
	(in millions of dollars)			
Consumer spending on Canadian-produced food.	\$2,649	\$2,871	\$2,956	\$3,066
Received by farmers ...	1,660	1,612	1,545	1,573
Margin	989	1,259	1,411	1,493
Farmers' share of consumers' dollar	63%	56%	52%	51%

Agriculture had no part in the upward surge of Canada's gross national products which represents a gain of \$5 million in four years. Instead they are experiencing a drastic price decline—a tragic repetition of the 1920's which will bring in its wake depression, unemployment and bankruptcy. The vast majority of farmers are already operating "in the red". They are unable to pay for capital cost, and invariably costs are being met by extended credit.

How dangerously critical the economic position of Canadian farmers has become is made crystal clear by the horrible fact that their net income has decreased to one-half that of 1951 while the ratio of expenses to gross income has more than doubled in the same period.

TABLE IV

Gross and net farm income for all of Canada, 1951-1955

Year	Gross	Net	Ratio of operating expenses to gross income.	% decline in net farm income since 1951
			Up	Down
1951	\$2,811,949,000	\$2,154,500,000	23.38%	
1952	2,778,343,000	1,923,500,000	30.77%	10.72%
1953	2,741,252,000	1,699,600,000	41.64%	21.11%
1954	2,388,834,000	1,125,600,000	52.27%	48.22%
1955	2,323,330,000 (estimated)			

The position of western farmers is even worse. Their net income has declined to one-third that of 1951 while the ratio of operating cost for the period has increased almost four times.

TABLE V

Gross and net farm income for the Prairie provinces 1951-1955

Year	Gross	Net	Ratio of operat-	% decline in net
			ing expenses to gross income	farm income since 1951
			Up	Down
1951	\$1,359,470,000	\$1,127,300,000	17·74%	
1952	1,451,685,000	1,092,100,000	24·77%	3·13%
1953	1,449,068,000	883,800,000	38·31%	21·60%
1954	1,044,499,000	376,000,000	65·91%	66·64%
1955	961,518,000	(estimated)		

Farm cash income all over Canada fell another \$54,504,000 in 1955 and \$82,891,000 in the West. Farmers' share of the national income has dropped from 11 per cent in 1951 to the shockingly low figure of 5·6 per cent in 1955. More than 50 per cent of Canada's occupied farms have an average gross income of less than \$1,200.

There is no excuse in modern society for permitting the development of a situation which relegates those engaged in the production of the nation's food to the status of "second-class citizens". A high-priced, mechanized and efficient industry has been reduced to the point where it has become the weak link in our economy.

If this destruction of our most important industry is not brought to a halt, it will precipitate a crisis in agriculture that will affect our entire economy. When the basic industry of a country sags the rest of the economy is pulled down with it. Farm recessions, as we have learned by bitter experience, quickly affect other sections of the economy and usually end up in a major, overall economic depression.

It will precipitate a crisis in our national economy

Rapidly diminishing farm purchasing power has already affected Canada's economic position to the point where Canadians are maintaining their lush prosperous position by borrowing on their future for current spending they cannot pay for—by selling out the ownership of their productive enterprises to Americans—and by running down their assets abroad.

The *Financial Post* of March 18, 1956, reveals this startling fact: "In no previous year have Canadians sold out so much of their ownership of Canadian business to foreigners. In no previous year has the balancing of the account depended so heavily on short term movements of capital. The nest eggs of U.S. dollars held by Canadian corporations and banks had been considerably depleted by the end of last year, and the 'leads' and 'lags' of commercial transactions helped to pay for the record current deficit."

The current account, on which we ran a deficit of \$665 million last year, includes physical goods exported and imported, interest and dividends paid and received, tourist expenditures, freight charges.

On every one of them Canadians have been spending more than they earn. We spent \$441 millions travelling abroad. We earned only \$392 millions from tourists. We paid out a record \$467 millions in interest and dividends to foreigners. We collected only \$160 millions on our own assets abroad.

Our biggest splurge of all was on imported goods. Most of our extra expenditure last year on new machinery and equipment was met through imports. Canada's trade deficit was \$185 millions—the biggest ever. Our deficit with the United States last year was approaching the crisis level. It amounted to \$1,030 millions.

To cover this deficit the sales of Canadian stocks reached a record annual amount of \$147 millions in 1955. Long-term security transactions with the

U.S. resulted in a net outflow of \$36 millions. Other outward flow of capital movements is estimated at \$254 millions, of which the biggest part is believed to be the running down of U.S. dollar accounts held by Canadian corporations and banks.

In the *Financial Post* of April 14, 1956, appears this frightening revelation: "In 1946 the liability of every Canadian to foreigners was \$309. By 1954 this had risen to \$434 per capita".

Those of our difficulties we cannot cover by selling our assets, we cover by borrowing on our future. When the ten banks made their monthly report to Finance Minister Harris on October 31, 1955, they showed a current loan total of \$4,265 millions, up \$527 millions from October 1954. Other loans such as those to provincial governments and loans abroad had also risen from a year earlier.

"General loans by the chartered banks to business and the public are now 27 per cent higher than they were a year ago. Since December 1, 1955—when so-called "credit squeeze" was already supposed to be in operation—loans have risen by \$460 millions, or nearly 12 per cent. In some recent weeks the increases have been as much as \$50 millions per week". (*Financial Post*—May 26th 1956).

Mortgage lending by the banks reached a new height of \$235 millions by the end of October, up \$199 million from October 1954. Call and short loans amounted to \$232 millions.

The ratio of the banks' cash to deposit liabilities was reduced from 8.9 per cent a year ago to 8.1 per cent, reaching close to the minimum legal allowance required by the banks, which is 8 per cent.

By the end of March 1956, according to the regular monthly return made by the chartered banks to the Minister of Finance, current loans outstanding were at a new peak. Totalling \$4,700 millions, these loans to business were \$130 million above a month earlier and almost \$992 millions or 26.7 per cent above those outstanding a year before.

To finance loans and to build up the secondary line of liquid reserves in the form of treasury bills, during the month of March the chartered banks continued to sell off both short-term and long-term Government of Canada bonds, which stood by the month end \$235.3 millions below year-earlier levels.

Also during March, loans to municipalities rose \$34.7 millions over amounts outstanding at the end of the preceding month and were running \$43.5 millions higher than a year ago.

Further disturbing factors about Canada's wobbling economy were brought to light in the *Financial Post* of February 4, 1956, when it was stated that in the past six years consumer credit, including charge accounts and cash personal loans, by retail dealers and finance companies, has risen 169% to \$2,212 millions.

Consumer credit has now risen from 7% in 1949 to 12% of personal disposable annual income. The 12% figure is the highest on record.

The conclusion is plain enough. The figures tell the story. We have reached the point where one must come to the enforced realization that Canadians are living a high standard of living on borrowed money and borrowed time. There are no jargons in figures, and no political party can afford to pass a sponge over them.

These are the consequences arising from the development of an economic structure in which our basic industry has become the weak spot in its foundation, and from which arises our constant fear that the whole caboodle may tip over some day.

The attitude of the government

As if to signalize the realization that a healthy and prosperous economy is impossible when agriculture is faced with depressed prices which do not cover production cost, the Government of Canada constituted the Farm Price

Support Act in 1946, under which the Price Support Board, with the permission of the Minister of Agriculture, has the right to support prices for agricultural products to keep them in line with other prices. In describing the Board's procedure this Act says:—

The Board shall endeavour to ensure adequate and stable returns for agriculture by promoting orderly adjustments from war to peace conditions and shall endeavour to secure a fair relationship between the returns from agriculture and those from other occupations.

Under the provisions of the Act, \$200,000,000 are appropriated by Parliament annually for price supports. The sum of \$88,924,586 has been used since the Act was established in 1946, of which approximately \$69,000,000 were expended to combat the effect of the hoof and mouth disease in 1951, which cannot be regarded as a price support program, but rather as national emergency assistance.

This price support legislation of 1946 was welcomed as a means whereby a fair balance would be maintained between farm costs and receipts, with farm prices kept at a level which would enable producers to stay in business, maintain their farms, benefit from the general rise in the standard of living enjoyed by other segments of our economy. On the contrary, we have price supports on eggs, bacon hogs, butterfat, at below production cost levels, while the major agricultural output has no assistance whatever.

While the proposed annual quota voted by Parliament was looked upon as an indication of an ambitious program, in actual practice only approximately one percent of this amount has been received by farmers.

The Interprovincial Farm Union Council believes that the time has come to establish a fair price and income relationship between our basic industry and other industries by implementing a parity price support program for agricultural products that will comply with the wording of the Act and bring about a fair relationship between the returns of agriculture and those from other occupations. By so doing, agricultural stability would be maintained, which in turn would forestall depressed effects that may create set-backs in our country's economic progress.

Only when Canada's most important industry—agriculture—is brought up to an equal economic level with other industries, can further breaks in our national economic structure be eliminated. Only by establishing a fair price system for our basic industry can economic solidarity be established which will assure a prospective well-balanced and healthy future for this country.

Most governments seem to have recognized by now that unstable farm income has been the major cause for economic depressions and therefore parity or partial parity price programs have been instituted in almost every civilized country. This statement is borne out by the following figures on wheat support prices in different countries:—

TABLE VI

Support prices on wheat

Argentina	\$2.72
Austria	2.62
Belgium	2.56
United States	2.24
France	2.62
United Kingdom	2.30
West Germany	2.72
Norway	3.43
Finland	3.93
Switzerland	4.19
Chile	4.50
Canada	1.40

These figures show beyond a shadow of a doubt that the Canadian government is practically the only government that so far has given no systematic and sympathetic support to a price structure that will establish farmers as equal participants in the nations general prosperity. Instead of doing this, and living up to the wording of its own Agricultural Price Support Act, the government has abandoned the farmers to the inexorable law of supply and demand and the forces which broke them in the 20's and caused the depression in the 30's.

Unless definite and energetic measures are undertaken immediately, the consequences are likely to bring disaster both upon farmers and upon all those who depend upon agricultural prosperity, either directly or indirectly. The time to establish a price support system that will maintain our basic industry in a balanced position within the rest of our economy, is long overdue.

Practically every other country in the world has discovered that the old way of letting their economy drift into collapse because of prices for their basic farm products which do not cover production costs, will not work in this modern age. Therefore, they have found ways and means to guarantee their primary producers a fair share of the national income to keep their nations' purchasing power in balance.

Canada, too, must change its policies to fit into a changing world and trends of action consistent with modern thinking. The financial position of Canadian farm people must be improved if they are to buy the goods and services produced by wage and salary workers.

The cost of such a program should be regarded as a good investment in both the social and economic advantages of a prosperous and stable economy.

Parity Price Support Policy Needed

The Interprovincial Farm Union Council believes that Canada should adopt a new national parity price support policy, that will establish a fair relationship between farm prices and other prices. Some definite steps must be taken by the Government of Canada to raise the basic prices of agricultural commodities and particularly that portion of our production sold on our domestic market and consumed in Canada, to a level which will bear a direct relationship to the cost of goods and services prevailing in Canada at any given time.

On the question of domestic wheat sales, we would recommend to this Parliamentary Committee, *that the price for wheat sold for consumption in Canada be increased by The Canadian Wheat Board to a parity level of \$2.20 per bushel for No. 1 Northern basic Fort William or at whatever higher level is determined as an equivalent price compared to the goods and services farmers must purchase.*

It is quite well-known to members of this Committee, that wheat for domestic consumption was for years, during and after the war, sold substantially under prices obtainable in the export market. It was a colossal injustice imposed by government policy on the wheat farmers. They were forced through government policy to subsidize the milling industry with cheap wheat from which the Canadian people had practically no benefit.

Therefore, at this time, when income from wheat has dropped off sharply, it would seem reasonable to put the price of wheat on the domestic market at an adequate level. In the light of the fact that an increase of 40 cents per bushel of wheat would increase the cost of flour in a loaf of bread by only .54 or slightly more than $\frac{1}{2}$ cent, this legitimate request should be granted forthwith.

The same policy should be applied to other principal products such as coarse grains, cattle, hogs, poultry and eggs, butter and cheese, as well as fruits. The establishment of guaranteed fair relationship prices for all agricultural products is, in our opinion, an immediate "must" to save our basic industry and with it our entire economy, from another total collapse. No

makeshift measures will solve this riddle of economic deterioration; they merely thrust the problem a stage further back and will multiply many times the effect of an eventual crash.

It is imperative that special consideration be given to the family farm unit as it constitutes the backbone of our agricultural economy. The future of the family farm is contingent on institution of a system of parity prices. The family farm must be retained at all costs in order for us to escape the penalties that have befallen other countries when the fundamental value of rural living disappeared and semi-slave conditions followed the establishment of large, so-called "economic units" of farm production.

However, the issue of parity prices is still obscured in this country by all sorts of confusion. It is debated with the same intensity with which scientists once argued over the shape of the earth and theologists over the ancestry of man. But its value as an economic stabilizer will likely not be missed for long by searching minds, and many searching minds are at work right now.

Reform of the Canadian Wheat Board Marketing Policy

The Canadian Wheat Board has led the way in the field of marketing cereal grains and we are pleased to see evidence of increased sales in the past few months. But in the interest of the whole national economy, wheat must be moved in greater volume into consumption at fair prices. If present wheat-selling policies are not succeeding in doing this, new policies should be adopted that will do the job of converting the most valuable food resources of our country into a blessing rather than a liability.

With the exception of the past few months, exports of prairie wheat have been falling consistently since 1952-53 crop year, when overall marketings were 385,527,000 bushels. In the 1954-55 crop year exports dropped to 251,800,000 bushels. Export of Canadian barley, which reached a high point of over 118 million bushels in 1952-53, had shrunk by 1954-55 to an export of 77 million bushels.

This downward trend of our export, we believe, is mainly due to the trade policy of our own government which, through tariffs and trade restrictions, limited the amount of goods entering Canada and has prevented the purchase of our agricultural products by the countries concerned. The table herewith will indicate an example of the difference in tariff rates applied against comparable British goods entering Canada or the United States:—

TABLE VII

U.S. and Canadian Tariffs (most favoured nation rates)

	United States	Canada
Bicycles	11½-22½%	25 %
Refrigerators	13½	20
Typewriters	Free	20
Automobiles	10	17½
Radios	12½	20
Cereals	5	20
Malleable Iron Castings	10	20
Boots and Shoes	5	17½

(From "Business Week" Magazine, December 3, 1955, Page 112, in article "Canada—Building a Nation in the Shadow of a Giant")

As first steps toward planning the implementation of policies designed to overcome our present wheat marketing problem, we are urging the Wheat Board, as well as the Government, to consider for implementation the following points:

A. To establish a floor price for export wheat by raising the initial payment to a level that bears a fair relationship to the cost of production. Almost every other wheat-exporting country is supporting its wheat producers, and 96% of the world's wheat production is subsidized in one form or another. This means Canadian farmers must compete against the treasuries of exporting nations.

B. A more aggressive sales policy by The Canadian Wheat Board and the Government should be adopted—by a dynamic sales promotion program; by acceptance of local currencies which in turn can be used to pay for imports from those countries; by barter deals and by credit transactions wherever these are necessary.

C. That the Government employ all means at their disposal to hold existing markets for Canadian grain and other surplus products—by making progressive changes in our federal trade policies; by changing our import pattern; by buying more from those countries that in turn buy from Canada; and by abandoning artificial trade barriers.

Additional Grain Storage Facilities

Having in mind the present congestion in grain storage, and the almost unbearable load that has been thrown on the shoulders of producers in the cost of high storage charges, we appreciate the fact that the government has decided to pay the storage charges on grain over a normal carryover.

However, since it is clear that further permanent storage space is required to handle even average grain crops, the question of building additional grain storage facilities still remains to be answered.

It should be borne in mind that this is not the first time that accumulated stocks of grain have reached the point where our facilities and marketing setup were not adequate for the task with which they were faced. In 1941-42-43 we found ourselves faced with a similar situation, which was only solved by the tremendous demand for bread grains following the second World War.

We would strongly recommend to this Committee that this storage space should be constructed by the Federal government, since it could get the finances necessary for the capital cost at a lower rate than could the grain-handling concerns. The grain so stored could be regarded as a reserve to be held against the time of short crop years, as we feel that Canada should take necessary steps to ensure our customers of their normal quota of grains in periods of light crops.

We believe that additional storage should be built, in order that our normal storage and handling facilities can be left free to do the job they were intended to do—which is, taking the grain from the producer and moving it into marketing position at the various inland and coast terminals. If this were done, and the normal handling facilities were freed of their present overload of grain, the farmer would then be, at the country point, in the competitive position he was in, previous to the present grain glut. If this is found to be impractical, then a program of increased storage on the farm should be encouraged, where the producer would be compensated by payment of storage rates on such farm stored grain.

Permanent Cash Advances For Grain

While there are several factors in the present grain marketing situation which are giving farmers and others definite concern, we wish to take this opportunity to indicate again our wholehearted support for the new International Wheat Agreement, and the principle of orderly marketing through The Canadian Wheat Board, which includes such measures as the quota system.

However, there are some improvements and changes needed which we think deserve immediate and favourable consideration. Some of these are matters which can be attended to by the Wheat Board itself. Others no doubt fall under the category of matters of general policy upon which definite recommendations should be forthcoming to the government from this Agricultural Committee.

For several years there has been a growing need for some system of interim financing for farmers who find themselves financially embarrassed, while they have harvested a good crop of grain. As a solution to the problem, the Interprovincial Farm Union Council during the past months, has strongly advocated a system of cash advances on farm-stored grain through our grain marketing agency, with the Federal government absorbing the interest and administration charges. Since the farmer has not been able to market his crop through the regular channels, he will in this manner get the cash that is necessary for him to carry on his farm operations.

The Federal government chose instead to make available through the banks, loans to farmers up to a maximum of \$1500 at 5%. We believe that the first alternative would have been more satisfactory to the farmers, and they should not be asked to pay interest on their own wages. Therefore we are asking this Committee for their support for a permanent system of advancing cash to farmers who cannot sell their grain through no fault of their own.

Enquiry Into Grain Handling and Grading

It is now 25 years since the last full investigation into all phases of grain handling, grading and other matters that come under the provisions of the Canada Grain Act. Big changes in handling methods have taken place in that time. Furthermore, there is some feeling among farmers that administration of the Act, originally passed to protect them, today favours the grain companies. Under these circumstances we feel that a Royal Commission should be set up to enquire closely into all aspects of grain handling. The findings of such a Commission should form the basis for necessary amendments to the Canada Grain Act to ensure that its original purpose is carried out.

Some of the points on which the Farm Unions have expressed particular dissatisfaction may be listed as follows:—

a) Overages in Country Elevators

On past occasions we have noted that the reluctance of the Board of Grain Commissioners to make complete information available as to grades of grain received by various companies at local delivery points and the out-turn grades by the same companies, including the condition of such grain, makes it impossible to check the extent of grade overages.

To get the complete picture of total grain overages, it would be necessary to calculate what we suspect may amount to an even greater loss to producers in the form of overages on grade for wheat, and in addition to add the overages in both weight and grade for the coarse grains handled.

We have also protested that in its Annual Report the Board of Grain Commissioners lists weight shortages or overages for only the top grades of wheat. We would like to see the records in full included in the Report, giving the overage or shortage position on all grades of wheat, from No. 1 to Feed, and also on tough and damp wheat.

While we appreciate that the overage situation in general has improved since we first brought this matter up for study, there is still a strong feeling among grain growers that the Act should be amended to give the Board of Grain Commissioners the right to confiscate overages at the local elevator as

well as in terminal elevators, and that the proceeds from overages both at country and terminal elevators should be returned to the growers through the Wheat Board.

b) *Box Car Distribution*—

Farmers would like a workable basis established to enable them to deliver grain to the elevator of their choice. Accordingly, provision would be required in the Canada Grain Act whereby they may state their delivery preference in filling out their delivery permit at the elevator of their choice. The Wheat Board in turn shall be authorized to determine an annual cycle of car distribution according to the amount of bushels listed for each elevator in permit books.

c) *Delivery Points*—

Although farmers favour a system of grain delivery quotas while congestion exists, they feel that the whole matter bears investigation, and that at all single-elevator points at least, growers should be permitted alternate delivery points. To confine a grower to delivering to one elevator only puts the farmer at the mercy of the elevator operator. This is especially true since the "subject to grade and dockage" provisions of the Canada Grain Act have become practically inoperative where congestion exists. Farmers believe that methods should be devised to make better use of available storage space in country elevators and that alternate delivery points would help to accomplish that purpose. We also feel that the alternate delivery point would not be a disturbing factor from an administrative point of view.

d) *Grade Standards for Screenings*:

We are pleased that the Board of Grain Commissioners has taken some action to alleviate this situation by insisting on higher quality feed screenings shipped East, by requiring that No. 1 Screenings carry 35% of other grains. However, the Farm Unions believe that feed screenings should be graded according to analysis of content, so that feeders may know what they are getting and if it meets their feeding requirements. Further, we think that mixing of screenings with feed grain offered for resale in the East should be prohibited.

We would recommend further that all feed screenings become the property of the Canadian Wheat Board and the net proceeds be distributed to producers.

We would also recommend once more that the jurisdiction of the Board of Grain Commissioners be extended to provide for free grain inspection wherever required or requested by individual farmers who purchase feed grains at eastern points. In this way eastern buyers would be assured that proper grade standards are being maintained.

e) *Diversion Charges*:

The Farm Unions feel strongly that diversion charges on grain are not justified, more so at the present time when companies have at all times more grain available at their terminal points than they can possibly handle. Farmers regard diversion charges as an unlawful tax on their grain, which is paid to elevator companies for services they never render.

f) *Clarification of Available Space in Elevators*:

Clarification of the Canada Grain Act becomes necessary as a result of the ruling handed down by the Board of Grain Commissioners in connection with the Brancepeth Case two years ago. While the operations of the Canadian Wheat Board and the present Canadian Wheat Board Act, makes it mandatory for a farmer to deliver his grain to the agents of the

Board which are, in practice, the local elevator agents, then provision ought to be made in the Canada Grain Act to require the elevator agents to take delivery of and to purchase all grain that is offered to them provided they have space available for it, and that it is not out of condition or liable to go out of condition.

Allowing for these exceptions, the Act ought to be made abundantly clear and to leave no doubt as to the responsibilities of the local elevator agent on this point. The section dealing with "space available" ought to be clarified, in view of present existing conditions.

Agricultural Imports

We strongly recommend that this Committee give full consideration to the position of Canadian farmers in view of the heavy importations of eggs, poultry meats, livestock and livestock products, not only from a standpoint of total supplies and their effect on our storage position, but principally the impact on our total cash income through a lowering of prices to Canadian farm producers.

Grading Standards

There is keen dissatisfaction on the producer level regarding poultry grading. We are not satisfied that this is attributed to a lack of confidence in government graders, but rather a lack of definite clear-cut standards, under which the graders could do a more effective job.

We request close scrutiny of grading standards, their interpretation and application at the producer level.

Agricultural Marketing Conference

In conclusion, it may not be amiss to remind this Committee that all of human history to date has recorded the fall of civilization that failed to adjust themselves to progress. Today we are in the midst of great economic changes, and these have affected the marketing, price and income position of farm people more severely than other groups.

We are still struggling to get along with antiquated trade policies, and our unbalanced foreign trade structure. Against the \$1,030 million deficit with the United States, Canada had a surplus of \$348 million in the United Kingdom in 1955. That the United Kingdom cannot afford to go on buying so much more from us than it sells is a foregone conclusion. Our imports continue to rise ahead of our exports. Besides the 1955 all-time record current account deficit of \$665 million, Canada's foreign trade showed a record deficit of \$132,700,000 in March as imports soared to an all-time high while exports sagged.

The deficit—excess of imports over exports—was more than six times greater than the \$21,300,000 adverse balance in March last year, the Bureau of Statistics reported. It brought the total deficit for the first three months of 1956 to \$225,200,000, some nine times greater than the \$24,100,000 adverse balance of the similar 1955 period.

Our method of distribution has failed to keep up with our productive capacity. Distribution of so-called surpluses is undoubtedly the big issue and one for which we must find a workable and satisfactory solution.

According to the D.B.S. monthly wheat review report on May 19th, 1956, Canada's wheat exports dropped to a five-year low of 157,600,000 bushels in the first eight months of the current crop year while the United States widened her lead as the world's top exporter.

While shipments from all major exporters declined in the eight-month period, Canada showed the biggest volume drop. Canada's exports were down 15,100,000 bushels from shipments in the similar period last year. They were the lowest since the 135,900,000 bushels of 1950-51.

The United States, retained the lead again this year as top exporter, having shipped 180,800,000 bushels in the eight-month period, down only 7,300,000 from last year.

Canada's stocks for export or carryover totalled 676,200,000 bushels on April 1st, up from 578,080,000 last year. This seems to indicate that there will be an unusually large carryover when the current crop year ends next July 31st, the report stated. The carryover a year ago was 499,700,00 bushels.

The Interprovincial Farm Union Council is fully convinced that the "wait and see" philosophy is long out of date and therefore we strongly recommend to this Committee as one of the first steps to finding a solution to our mounting problems, the early convening of an agricultural marketing conference, to which Federal and provincial governments and farm organizations are invited. It is high time to get together for the purpose of outlining a comprehensive plan for marketing and pricing agricultural products.

It is positively inhuman to allow an industry to suffocate in the abundance of production. Therefore, a well-planned orderly marketing and pricing policy will contribute to the future of strength and stability for farm families—not only for today but for generations to come. To this purpose we pledge the support and co-operation of our organization which reaches from Ontario to the Pacific Coast.

We hope that we will enjoy the co-operation of this valuable Committee in calling a conference and establishing a sound program to ensure agriculture's co-existence on a parity with all other segments of our national economy.

All of which is respectfully submitted

by the

INTERPROVINCIAL FARM UNION COUNCIL.

Ottawa, June 28, 1956.

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Government
Publications

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956



STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.,

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

Report of The Canadian Wheat Board for the crop year 1954-55

TUESDAY, JULY 3, 1956

WITNESSES:

Mr. George McIvor, Chief Commissioner, and Mr. C. B. Davidson, Secretary,
both of the Canadian Wheat Board.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.,

and Messrs.

Anderson	Harkness	Montgomery
Argue	Harrison	Murphy (<i>Westmorland</i>)
Batten	Huffman	Nicholson
Blackmore	James	Perron
Boucher (<i>Châteauguay- Huntingdon- Laprairie</i>)	Kickham	Pommer
Bruneau	Kirk (<i>Antigonish- Guysborough</i>)	Proudford
Bryce	Laflamme	Purdy
Cardiff	Leboe	Quelch
Charlton	Legaré	Roberge
Clark	Lusby	Robinson (<i>Bruce</i>)
Decore	MacKenzie	Schneider
Demers	MacLean	Smith (<i>Battle River- Camrose</i>)
Deslières	Mang	Stanton
Diefenbaker	Massé	Thatcher
Dinsdale	Matheson	Tucker
Fontaine	McBain	Villeneuve
Forgie	McCubbin	Weselak
Gingras	McCullough (<i>Moose- Mountain</i>)	White (<i>Middlesex East</i>)
Gour (<i>Russell</i>)	Menard	White (<i>Waterloo South</i>)
	Michaud	Zaplitny—60.

E. W. Innes,
Clerk of the Committee.

Note—The name of Mr. Castleden was substituted for that of Mr. Bryce after the morning sitting.

ORDER OF REFERENCE

TUESDAY, July 3, 1956.

Ordered—That the name of Mr. Castleden be substituted for that of Mr. Bryce on the said Committee.

Attest.

LEON J. RAYMOND.
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, July 3, 1956.

(9)

The Standing Committee on Agriculture and Colonization met at 10.30 a.m. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Argue, Batten, Blackmore, Charlton, Deslieries, Dinsdale, Harkness, Harrison, James, Jutras, Kickham, Legare, MacKenzie, Mang, Masse, Matheson, McBain, McCubbin, McCullough (*Moose Mountain*), Menard, Nicholson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Schneider, Stanton, Tucker and Weselak.

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce. *From The Canadian Wheat Board:* Mr. George McIvor, Chief Commissioner; and Mr. C. B. Davidson, Secretary.

The Committee proceeded to the consideration of the Report of The Canadian Wheat Board for the crop year 1954-55.

Mr. McIvor outlined briefly each section of the Board's Report as it was considered, and he was questioned thereon.

The following sections of Part I of the Report were approved:

1. General Comment—Crop Year 1954-55
2. Canadian Crop Development and Supplies
3. Legislation

At 1.00 p.m. the Committee adjourned until 3.00 p.m. this day.

(10)

The Standing Committee on Agriculture and Colonization resumed at 3.00 p.m., the Chairman Mr. Jutras, presiding.

Members present: Messrs. Argue, Blackmore, Castleden, Charlton, Dinsdale, Gour (*Russell*), Harkness, Huffman, James, Jutras, Kickham, Legare, Mang, Masse, Matheson, McCullough (*Moose Mountain*), Menard, Nicholson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Schneider, Tucker, Weselak and Zaplitny.

In attendance: Same as at morning sitting.

The Committee resumed consideration of the Annual Report of The Canadian Wheat Board for the Crop Year 1954-55, Mr. McIvor and Mr. Davidson answering questions thereon.

The following Sections of Part I of the Report were approved:

4. Transportation
5. Delivery Quotas
6. Shipping Policy
7. Handling Agreement

At 5.30 p.m. the Committee adjourned until 3.30 p.m. Wednesday, July 4.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

JULY 3, 1956

10.30 A.M.

The CHAIRMAN: Order.

I will call on Mr. McIvor and Mr. Davidson to come to the table.

Gentlemen, this morning we have the chairman and the secretary of The Canadian Wheat Board. Neither of the two gentlemen needs an introduction to this committee.

We also have in the room a representative of the three pools: a representative of the Northwest Line Elevator Association, Mr. Lamont, whom you all know also from past meetings of the committee; the United Grain Growers also have a representative who will follow the Proceedings. Mr. E. S. Russenholt, secretary of the Canadian Wheat Pools, is also present. These gentlemen from these organizations have all expressed their appreciation at having been notified by the committee and they stand ready to cooperate with the committee at any time the committee so wishes. They have no formal presentations to make, but they are at the disposal of the committee to render any assistance the committee may wish to have from them.

If there are no new matters to be brought up we will proceed with the review of the report. We will follow the usual procedure followed in the past years of following the annual report section by section. I do not know if the chairman has any remarks to make. He may wish to make a few general comments.

Mr. George McIvor, Chairman, Canadian Wheat Board, called:

The WITNESS: Mr. Chairman and honourable members of the agricultural committee, once again I would like to express the appreciation of the Board for this opportunity to appear before you.

This year, owing to the fact that we are in what might be called the ninth inning of the handling of the crop, it was felt that the other members of the Board, Mr. McNamarra, and Mr. Robertson should remain in Winnipeg to deal with the day to day problems. Mr. Riddel at the present time is on holidays. So that Mr. Davidson, our secretary, and myself first of all will discuss the report of the Canadian Wheat Board for the crop year 1954-55, and then the supplementary report for the same crop year.

I take it, Mr. Chairman, that you would like to follow the usual procedure of dealing with this report, paragraph by paragraph, following which there might be some questions regarding the various paragraphs.

The CHAIRMAN: I might add, Mr. McIvor, that I think it would be appreciated if we combined the supplementary and the other one as we go along.

The WITNESS: I doubt if you can do that, Mr. Chairman. I think, if I might suggest it to you, you will be required to go through the report and then to take the supplementary report.

The CHAIRMAN: All right.

The WITNESS: The first section of the report, Part I; General Comment refers to the fact that the world wheat production in 1954 was somewhat smaller than in the previous year.

While European production was close to the level of the previous year, smaller harvests in Austria, Western Germany, Greece and Italy were offset by larger crops in France, Ireland, the Netherlands, Spain, Switzerland and other countries. In Asia the wheat production was well maintained. The same applies to North Africa, and the same applies to South America where the Argentine had a bumper crop.

North American Production was smaller than in the previous year by about half a billion bushels; more than the total decline in the world production. Due to sharply lower yields in the western provinces, Canada harvested 309 million bushels as compared with 614 million bushels the year before. Substantial reductions in acreage in the United States resulted in the wheat production in that country being 970 million bushels as compared with 1,169 million bushels in the previous year. Australian production amounted to 167 million bushels as compared to 198 million bushels. The Argentine's harvest was estimated at 283 million bushels as compared with 228 million bushels for 1954-55.

The volume of wheat and flour moving in international trade increased moderately to an estimated 943 million bushels as compared with 869 million bushels for the previous year. It points out that as world volume increased, the direction of trade was also somewhat changed. Total wheat imports by Japan and other Far Eastern markets were smaller, but these reductions were more than matched by a substantial increase in the combined imports into European markets. The report refers to the fact that the total central and South American imports and total imports by African countries were relatively unchanged from the previous year.

All of the other major wheat exporting countries including France shared in the increased market available in Europe. Contributing to the stronger European demand was the disappointing quality of the 1954 European harvest which, despite the high level of production, necessitated the addition of larger amounts of outside wheat suitable for milling process. Wheat reserves in several European countries had been heavily depleted in the previous crop year.

There was stronger competition from the United States, Argentina, Australia and other exporting countries. France was a major exporter in 1954-55 to western European markets. The extensive use of barter arrangements for the direct exchange of wheat for other commodities increased the competition from Argentina. Then, of course, there is the United States surplus disposal program which was stepped up in that year.

As a result of intense competition from low quality wheats, and particularly the aggressive United States disposal program, the Canadian share in the world wheat trade of 1954-55 was reduced. Canadian exports of wheat (including flour) in 1954-55 amounted to 252 million bushels, slightly below the 255 million bushels exported in 1953-54. United States wheat exports were 274 billion bushels as compared with 217 million bushels in the previous year. Australian exports during the year increased to 86 million bushels as compared with 64 million bushels in 1953-54, while those of Argentina were 133 million bushels as compared with 108 million bushels in 1953-54.

The CHAIRMAN: Any questions on this general item?

By Mr. Argue:

Q. Mr. McIvor, you pointed out that the volume of wheat and flour moving into international trade increased from the previous year from 869 million bushels to 943 million bushels while the volume of trade in wheat in the world was increased Canada's share fell by a small amount, and the share of the world wheat market obtained by the United States increased

by a substantial amount, 217 million bushels to 274 million bushels; Australia increased its share by a substantial amount, 64 million bushels to 86 million bushels; and Argentina increased its share by a substantial amount, from 108 million bushels to 133 million bushels. Would it be fair to say that the reason Canada was unable to share in the increased world market was the fact that the Canadian Wheat Board in relation to the sales programs of other countries was operating at a disadvantage, because Canada has only one basic sales policy, namely: to sell Canadian wheat for hard currency, while other countries have, in addition to that type of policy, a policy of barter sales, or direct exchange for goods, credit transactions, and so-called give-away programs and so forth?—A. I do not think it would be fair to describe the situation exactly in that way. You must deal with each country individually, each competing exporter individually. There is no doubt that the chief factor in the stepping up of the United States program was related to their various forms of give-away program. You know that they enter into arrangements in three different classifications—one, where they provide wheat for the currency of the importing country which currency is used within that country for certain developments, in many cases military installations; two, they provide wheat to completely deficit countries on the ground of assistance where people might otherwise be confronted with very low rations and, three, they enter into arrangements to dispose of wheat for certain types of commodities—I think generally minerals which are imported into the United States.

To deal with the Argentine, their business has been conducted in the past to a very considerable extent on a barter basis. Barter means the import of goods from certain countries and, by direction, those goods are required to be used in the Argentine. As I understand the situation there has not been much freedom of choice as far as consumers are concerned in the purchase of some of these goods.

As far as Australia is concerned, I should say their increase is largely due to price. It is possible that if we wanted to break our price around 20 cents a bushel we might have obtained a share of some of these country's markets, although that probably would have been a signal for Australia to lower her prices again.

As far as France is concerned, there you have a country which is a very large producers of wheat, under normal circumstances and which follows a policy of paying very high subsidies and exporting their surplus wheat and providing a subsidy for the export.

As far as the other exporters are concerned, such as Turkey and some of those countries, they are in and out exporters and due to geographical position they are able sometimes to obtain markets which we cannot enter into. So I would say, Mr. Argue, in answer to your question that there are several factors that enter into the situation.

Q. I am interested, Mr. McIvor, in relation to your statement regarding the increased Australian sales of wheat. Is Australia offering this wheat for a lower price than Canada for a similar grade of wheat?—A. No, they grow, as you know, a soft wheat in Australia and we grow a hard wheat; and in some importing countries the Australian wheats would be suitable for the purpose they are required for.

Q. Do you think that Australia set an unfairly low price for this type of wheat?—A. No, I think Australia was in the position where they had to compete with France and other low quality exporters. I was not being critical of Australia in answering your question.

Q. I would not mind if you were. But tell me what price Australia charged under the I.W.A. and how that related to the other countries to which you referred. In other words, did she have two different prices, one for I.W.A. wheat?—A. No.

Q. She maintained the correct I.W.A. price?—A. Yes. As you know I.W.A. provides for a range of prices and Australia was within the range of I.W.A. prices.

Q. So far as I.W.A. is concerned, Australia did not take unfair advantage of Canada?—A. I do not think in the slightest degree that I would suggest that Australia did take an unfair advantage. I was trying to explain the reason for the increase in exports.

Q. Mr. McIvor, as you well know, most if not all of the farm organizations have as a method of increasing Canada's sales of grain and, in increasing Canada's share of the world market advocated, that we should accept soft currency, that we should accept sterling, that we should be prepared to take contract sales in exchange for goods on a barter basis. Have those representations been made to the Wheat Board and has the Wheat Board looked into them as a means of increasing our sales? It seems to me to be inferred in your comments, it seems it can be taken from your reports that the United States market, using certain methods of trade other than cash—you have mentioned the Argentine and so on—that they have been successful in increasing their sales and increasing their share of the world market and that such additional policy might make it easier for the Wheat Board to operate and strengthen Canada's position?—A. Well, I would like to say at this point that quite a large proportion of our business recently has been disposed of to countries on a credit basis. You are familiar with that, I am sure. Now, my own view is that I take with a grain of salt that the United States has been successful. I think what they have done is they have disposed of all this wheat under one or other of those forms of program and this wheat constitutes a very large proportion of their exports. And I think that they have put themselves in a position—this is just my personal opinion—that the world now looks to them to get wheat under some form or other of this program. Supposing we had tried to meet that type of competition; I think the Congress of the United States, having voted a substantial sum of money and directed their government to dispose of this wheat, it would have meant that we would have entered into competition with them to see who could give wheat away—and I think personally that the balance would be very much against Canada in that kind of a competition.

Q. Can you tell me, Mr. McIvor, what proportion of the American wheat was actually given away without any strings attached and what proportion was exchanged for strategic materials provided on credit and so on?—A. I think I can get those figures for you. I have not them in front of me, Mr. Argue.

Q. Would it be fair to say that the majority of the wheat that the United States sold under these three types of program had in it some element of value being given the United States in exchange for this wheat? Actually it was not a straight give-away program.—A. I would say well over 50 per cent was sold under one type or other of those programs.

By Mr. Harkness:

Q. Mr. McIvor, when you are getting those figures could you also get the amount of hard wheat that was sold by the United States; in other words, the same type of wheat which we sell and which therefore enters into direct competition with our high grade wheat?—A. There are two types of hard wheat, Mr. Harkness. There is spring wheat which is similar to ours—

Q. The type grown in North Dakota.—A. —and then there is hard winter wheat which is certainly competitive with our wheat. I will see if I can get that information here, Mr. Harkness.

Q. It seems to me that the thing that is perhaps most important to us is the amount of hard wheat which they, we will say, give away or dispose of in one of these ways, which does not require payment incash as far as competition with us is concerned?—A. I think you are right to a degree. I would say that in countries where they require hard wheat in their mix that is definitely true, but there are other countries that can get along with the soft variety of wheat which might easily have the effect of replacing wheat from Canada.

By Mr. Tucker:

Q. Would there be any objection, Mr. McIvor, to giving us figures on what proportion of Canada's sales were on credit? You said a large proportion of Canadian business was done on a credit basis. Would there be any objection to giving us those figures?—A. I said, as I recall it, that recently there had been a quantity of business done on a credit basis. I do not think there would be any objection to giving you the figures. I will have to consult Mr. Sharp on that point because credits, as you know, are established by the government, not by the Wheat Board, but I do not see any objection at all.

By Mr. Quelch:

Q. Was that with the Iron Curtain countries largely?—A. Yes, Poland, Czechoslovakia, and Hungary.

Q. When barter deals are made by the Argentine and the United States and European countries, are those barter deals made at current prices—the price at which the wheat is being sold and the current price for the goods they buy?—A. I doubt that very much. I remember being in a country several years ago which was working out a barter deal. The barter consisted of the exchange of a certain type of commodity which they produced and I asked the man who was handling these operations how they arrived at the price. He said: "Well, they put a price on grain, and we put a price on our commodity". He said: "They raise the price of their grain and we raise the price of our commodity and eventually we come to a point where we seem to be able to agree". So I would take it from that there is not too much actual relationship to the current market?

Q. I take it in selling wheat on a barter basis or a program similar to the United States as to the policy you adopt, it largely depends on government policy, does it not?—A. Entirely, yes.

Q. You could not enter into a barter agreement or could not accept soft currency unless that became government or public policy?—A. Well, we would not like to pay it out to our western farmers, Mr. Quelch.

By Mr. Pommer:

Q. Mr. McIvor, with reference to the Americans exporting to these various countries hard wheat, I was under the impression—this is for clarification in my own mind—I was under the impression that the United States did not produce enough hard wheat for its own use?—A. That is not true. As I said earlier, there are two types of hard wheat in the United States. There is the hard winter wheat which is grown in Kansas, Nebraska, Oklahoma and Texas. That is a very good quality wheat. There is the hard spring wheat which grows in northwestern spring wheat states. If the American people demand hard spring wheat as a source of their flour and bread making, there would not be enough hard spring wheat in the United States to feed the

United States. A great deal of the flour produced in the United States is produced from hard winter wheat, and cake flour is produced from soft winter wheat.

Q. Their hard winter wheat is not comparable to our spring wheat?—A. Well, I do not think it is, Dr. Pommer.

By Mr. Mang:

Q. Mr. McIvor, the United States sells some of its wheat on the credit basis and that credit period might extend over 10 years, 20 years, 30 years and I saw 40 years. Now, would we be able to enter into such an arrangement, if I may ask that question, and not only have 40 years to pay but pay when you like with whatever kind of money you like?—A. Well, speaking personally I do not think so. I am certainly not a financial expert but I would say that if you enter into a 40-year credit on a commodity that is going to be eaten in the next six months that your chance of getting paid in the next 40 years is not to rosy.

Q. So it would be very difficult for us with the population we have and the money we have to enter into that form of competition, and there would be no guarantee that if we did go up to 40 years that they would not up it to 80 years?

The CHAIRMAN: Shall we go on to No. 2?

By Mr. Harkness:

Q. Mr. McIvor, on page 1 you say: "In 1954-55 the volume of wheat and flour moving in international trade increased moderately to an estimated 943 million bushels as compared with 869 million bushels in the previous year". Have you the figures there or can you get them readily as to the average amount of wheat and flour which has entered into international trade during the last ten years and the last twenty years? What I had in mind and would like to get at particularly is what the market for wheat and wheat flour really has been, and particularly whether the supplies being produced during the past several years are considerably in excess of what we might expect the market for them to be?—A. If you refer to page 15, Mr. Harkness, of the report, table 17—

Q. What page?—A. Page 15 in the tables at the back of the report.

The CHAIRMAN: Page 15 in the second part, table 17.

By Mr. Harkness:

Q. That is for the last ten years?—A. Did you want it prior to that time?

Q. I would also like to have it for the last 20 years as well as the last 10 years.

Rt. Hon. Mr. Howe: The table on the opposite page goes back to 1930.

The WITNESS: That is just Canadian, Mr. Howe. I could get those figures for you, Mr. Harkness.

By Mr. Harkness:

Q. It would appear from this table that the average at 1939 was 710 million. From then to now it would be something over 850 million, just glancing at this table. Now, what in relation to that average amount of wheat going into international trade has been the production during the past ten years?—A. Well, page 14 gives the production in the four major exporting countries which is the page in front of that. I do not know whether you want the importing countries as well?

Q. What I really want, as I indicated before, is to get at to what extent the world is now producing more wheat than can be on the basis of past figures marketed,—in other words, what the surplus has been?—A. Well, I can get those figures, Mr. Harkness. What you want to get is world production for 20 years?

Q. Yes.—A. In all countries, whether importing or exporting?

Q. And the world consumption?—A. All right, we will get those figures for you.

By Mr. Argue:

Q. Mr. McIvor, can you give me in a sentence or two, the types of credit sales that we are making? What is the period of sale and how is it repaid? Mr. Tucker asked the quantity. I merely want to know the type?—A. The credit is for one year and it is arranged through the Export Credits Insurance Corporation and this would be repaid in one year.

Q. Have you had any offers from importing countries to purchase Canadian wheat and allow credit or otherwise provide a credit which could be obtained for a period longer than a year, perhaps 2 or 3 years or even longer?—A. Those offers would not come to us; they would go to the government.

Q. Well, if a country like Poland or some other country was wanting to purchase a certain quantity of Canadian wheat, low grade or otherwise, over a certain period of years, the Wheat Board would not have any knowledge of such a desire? Would the Wheat Board not be brought in on the discussions? I tell you I have been told—I may not have good information—but I have been told that such propositions have been put to the Wheat Board and/or government or vice versa and that because there was a reluctance to extend the period of credit beyond the normal one you suggested, sales have been lost?—A. Well, I do not know offhand, Mr. Argue. Such proposals may have reached the board. As to our discussing those proposals and being brought in on the discussions, we naturally would like to see any credits extended that the government think could be extended; but I imagine, without knowing too much about it, that it is an exceedingly difficult problem.

Mr. Chairman, we have sort of beat the gun here, if I may say so. We have covered very widely the American program later here in our report and we seem to be taking fields that are covered later. If I might suggest it, could we wait until we come to the American portion?

Q. I have another question on the comment you made a little while ago in answer to the question by Mr. Mang. It was your personal opinion that Canada could not get into the field of making grain available on a give-away basis, if you like. It is a fact, Mr. McIvor, is it not—and this is one of the things that a wheat producer recognizes—the total value of Canada's exports in wheat today is something less than 2 per cent of the gross national product of this country, that the value of our Canadian wheat in relation to the \$26 billion gross national product is less than \$500 million, in the neighbourhood of \$500 million; so that if Canada—and this is something the government or no one else would want to consider—would want to give everything away they would be giving away 2 per cent of our gross national product. What I am suggesting is this: that there could easily be from an economic standpoint a certain element of extended credit by accepting soft currency or even a partial giving away program still within the economic policy of Canada. If you want a concrete example of what we can do, we are spending almost \$32 million this year on a straight subsidy out of the national treasury.—A. Well, Mr. Argue, I think this discussion has got just a little out of my field, if I may say so. I may be old fashioned, perhaps I am, but I believe that that kind of policy that is followed to its extreme will eventually lead to disaster; because the trouble

with it is that, once you start with the policy of giving things away, then your cash customers disappear. Now, you might say, why do you not be selective and give it away to some countries who cannot afford it, and charge other countries cash. Now, how long would you hold your markets with these other countries?

Take for example the United Kingdom; as far as I am aware, and I am certainly not a financial expert, but the United Kingdom are trying to tidy up their house as far as sterling is concerned. They do not want extra obligations. What they are trying to do is buy their grain, and keep their house tidy and improve their general over-all position.

Now, are you going to give grain, we will say to "X" country on the continent and deny the right to give it to the United Kingdom, who is our best customer? This is a very involved matter in my judgment. In my opinion, some day the United States, and I do not know when it will be, but they will retard all their give-away programs. Because, I do not think that they are getting them any place, frankly. They are increasing the export market a bit, but I do not know how much they are increasing it over what they would do ordinarily. That is a question none of us know. So, in my judgment, for what it is worth, I think that the policy should be one of endeavouring to market this wheat at the best price we can get. Where it is possible to extend credits where there is a reasonable prospect of the repaying of credits, then I think that is sound business. On the other hand if there are countries that are absolutely deficit countries and you want to supplement them in order to keep them alive. I think there is good argument for that. Now, in general, that is my view of the market.

By Mr. Argue:

Q. I do not think anyone quarrels with this latter definition here, Mr. McIvor, and I do not think the Americans have gone too much beyond it. But, I was interested in a comment that you made just now that you are not too certain whether the American give-away program has in fact resulted in the United States getting any increased share of the world market.—A. What I said, and what I certainly intended to say, was I am not too certain of the export quantity that has been obtained by the United States by their give-away programs over and above what they would have obtained ordinarily. That is what I intended to say.

Q. How long has the United States been following a policy under this particular law, or some other law of making wheat available by credit, by grants of money, by economic aid, and by the various other forms?—A. I think about three years, mounting in intensity over the three years.

Q. It is true under the Marshall plan a huge quantity of agricultural products has in fact been given away?—A. That is a different proposition, Mr. Argue, I think. Under the Marshall plan you had one half of the world that was hungry. I happened to be the chairman of the committee that had the job of distributing grain supplies at that time. That was a great plan to save the world from disaster. I think it succeeded. I do not think anybody would deny that it was one of the greatest plans that has ever been put into effect, certainly in modern history, as far as saving people from starvation is concerned.

Q. It was a straight give-away program paid for by American treasury?—A. Yes, but you see, there is a difference. If I might say so, I do not like to persist in this, but I think there is a difference. Europe was absolutely devastated and prostrate after the end of the war. We in Canada made very good contributions. I do not know how the comparison is on a per capita basis, Mr. Chairman, but—

Right Hon. C. D. HOWE (*Minister of Trade and Commerce and Minister of Defence Production*): On a per capita basis, we stand up quite as well as they.

By Mr. Argue:

Q. Very low.—A. No, it was not very low. On the per capita basis we gave more than the U.S. under the Marshall plan.

Q. Canada gave very, very little. We made a loan to Britain.

Right Hon. Mr. HOWE: We gave \$1 billion outright to Britain and we gave credits \$2 billion to Britain, and we gave credits to other countries.

MR. ARGUE: We made a loan to Britain, but we gave no billion dollars to Britain since the end of the war.

Right Hon. Mr. HOWE: We gave it during the war.

By Mr. Argue:

Q. Mr. McIvor, how much Canadian wheat since 1945 has been paid for by United States dollars under the Marshall or similar plans?—A. I do not know.

Q. I would suggest to you that it is hundreds of millions of bushels. But what our government objects to is not the give-away program, but the making of a contribution itself. When the Marshall plan gave away quantities of agricultural commodities paid for by American dollars, they gave our wheat away and they paid us for it. There was not a word of objection by anybody in government circles at that time.

Right Hon. C. D. HOWE: The United States never paid us directly any dollars for wheat.

MR. ARGUE: Almost 300 million bushels of Canadian wheat was paid for the off-shore purchases under the Marshall plan.

Right Hon. Mr. HOWE: It may have been paid for by countries receiving American dollars under the Marshall plan.

By Mr. Quelch:

Q. As far as this situation is concerned, you sell wheat for cash, under credit arrangements, or any other arrangement made by an agency?—A. Yes. We have not—

Q. This whole discussion of— —A. We have not any right. A lot of this discussion is completely over my head. But, if I may repeat it, I do not think the present situation and the Marshall plan are in line at all. The Marshall plan was a terrific relief program. That is what it amounted to. The present situation is that most of the world is re-established, and I say this, that I think many of the countries in which wheat is being supplied under the United States programs are well able to pay for it.

Q. For instance?—A. I do not like to mention names, but I can prove what I say.

By Mr. Nicholson:

Q. I noticed in the May issue of the Wheat Review that more than 10 per cent of the exports of Canadian wheat and flour exports to foreign countries went to Poland. I gather that an association on behalf of Poland similar to the Wheat Board was interested in getting 10 million bushels of Canadian wheat into Poland. Now, I understand this was one of those credit deals, or in the final analysis would be a barter deal. I think that the Polish government will settle the terms of this contract. But, my understanding is that Poland would like to be a continuing purchaser of Canadian wheat, and it will be buying Canadian wheat on condition that some Polish goods get into Canada.

Now, it would appear to me that if your Wheat Board is going to negotiate successfully with a country that has bought 10 million bushels in the last year on a credit basis, that you will have to have some government department that is interested in showing where Poland is going to be able to get some goods into Canada. Would it not be necessary for you to have some agency of the government that is going to be interested in knowing where Poland is going to get goods into this country so it can continue to buy wheat?—A. I understand that there have been some discussions. Again, I do not like to speak on behalf of the government, but, there has been some discussion between Poland and our people as to prospective exporting to Canada.

By Right Hon. Mr. Howe:

Q. Is it your position that you sell wheat for cash—period?—A. It is.

Q. Is that not a complete answer to all these questions?

By Mr. Nicholson:

Q. Yes, I know. But, when you have 10 per cent of your sales to foreign countries in one year going to one country that is interested in barter dealings, it seems to me that without this 10 per cent your position today would not be so attractive.

You have recently completed a deal with Russia, and I think the same problem arises there. I wonder if Mr. McIvor, or any officials have been to Russia to discuss with them the possibilities of continuing sales to the U.S.S.R.?—A. I have not been to Russia. The Russians sent out a team to this country, and negotiations were carried on with them very successfully, which resulted in the sale of 400,000 tons of wheat, for shipment by July 31st.

Q. How much wheat?—A. 400,000 tons.

Q. And there is an additional amount which will be sold?—A. Additional amounts which we expect they will purchase in the two subsequent crop years.

Q. But the conditional sales would depend on whether or not a worth while volume of Russian goods are coming into Canada. It seems to me that you should have some department of government that is going to worry about whether these countries that have made purchases this year are going to be in a position to continue purchasing.—A. I assure you, Mr. Nicholson, that we never lose an opportunity to discuss with our officials in Ottawa every prospect of selling wheat. I would not like the idea to be left here that the Wheat Board are simply sitting up at Winnipeg taking orders, because that is not the case.

Q. It seems to me—A. We scan the world. We have our people all over the world this year more than ever before to make arrangements for the sale of wheat.

Q. It seems to me that in view of the fact that the president of the Massey-Harris company and the president of the Royal Bank have gone to the U.S.S.R. with a view to discussing trade there, that the Wheat Board should be concerned with the possibility of developing a market in that part of the world.—A. We are very concerned about it. We are very concerned about it. There were a group from Canada that went over there. The Russians themselves sent over a delegation. I certainly do not exclude the prospect of the Wheat Board going to Russia.

As far as we are concerned we have gone to every part of the world, and we will continue to do so. But, there are certain ideas that you can dispose of wheat in certain areas. Now, I have just been out to the far East. I have been in Hong Kong where I discussed with knowledgeable

people there the question as to whether China would purchase wheat from Canada. I can deal with that. I think the committee would be interested in the information I obtained on that question.

The present idea of China is to import fertilizer and try to increase their own production. At the present time they are not in the market for wheat, according to the best information I could obtain.

Japan, on the other hand is a very good market for our wheat and is extending the market. We have people in Japan at least twice a year to discuss these questions with them. So, we do not overlook any opportunity to sell wheat in places that we can sell it.

Q. In Japan you sold 17 million bushels. If you left Japan and Poland out of your sales, you would be in a fairly bad way. 17 million bushels to Japan and 10 million bushels to Poland.—A. Why would you leave out either Poland or Japan?

Q. I think the fact that you have gone to these iron curtain countries and you have gone to Asia is to be commended. I would say you should continue to try to get into these markets.

Mr. Mang raised a point that I think should not be dropped at the moment. I think countries like Japan and China might be given longer than the time it would take to eat the wheat to pay for it. I think it is pretty obvious that 100 years ago some people took some long chances on Canada. It happens that 15 million people living in Canada now buy more from the United States than 150 million people living in South America. It just supports my view that people who took long range chances on Canada use good judgment. I think the Wheat Board should be concerned about selling grain in some countries that might need more than two, three or even five years to get their own economy in order so that they will be able to get some goods back on the Canadian market, in due course.

Right Hon. Mr. HOWE: Your theory rests on the belief that every country has its hand out for credit. We have never been asked for credit by Japan, and probably never will be.

Mr. NICHOLSON: But you have given credit to Poland and Czechoslovakia?

Right Hon. Mr. HOWE: Yes.

By Mr. Roberge:

Q. Regarding this situation of credit, Mr. Chairman, some organizations seem to press for credit quite a lot. Do you think in your own opinion that some of those organizations should share in the credit risks and so on in respect to the sale of wheat? They are pressing for it.—A. I do not know what organizations you have in mind to start with.

Q. Last year we had the farm unions willing to take cement or anything else.—A. The point I make also, as far as our western producers are concerned, is that any arrangements that are made must be outside of the western producers. They must be paid in cash. It is the only medium of exchange that they have got. So that as far as the Wheat Board is concerned, we must get cash for our sales.

Mr. QUELCH: Farmers have had to wait long enough already without waiting any longer.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I was interested in what the Right Hon. Mr. Howe said. He seemed to give finality to the questions of Mr. Argue that you were trying to answer, namely: he said that all you have to do is to deal with cash on the barrel head, more or less, for Canadian wheat. Now, it seems to me that there must be quite a bit of frustration in your work if on the one hand you say you have these trade commissioners all over the world trying to sell Canadian wheat, and on the

other hand you run up against a situation where you must by necessity give credit or trade involvements. Now, if you are going to meet up with some of these countries which no doubt you do from time to time, who are willing to deliver on credit, or by ways and means of trading with different companies in order to make deals, it is quite obvious you find that your office, in selling wheat, is frustrated. Will you propose some government action in respect to trade?

By Right Hon. Mr. Howe:

Q. Do you, Mr. McIvor, know of any applications for credit relating to wheat that were not granted?—A. I do not know of any, Mr. Howe.

Mr. McCULLOUGH (*Moose Mountain*): Does the minister?

Right Hon. Mr. HOWE: No.

Mr. NICHOLSON: What about Czechoslovakia?

Right Hon. Mr. HOWE: The government has granted credit to Czechoslovakia.

Mr. McCULLOUGH (*Moose Mountain*): It is well known, Mr. Chairman—

Right Hon. Mr. HOWE: Well known by whom?

Mr. McCULLOUGH (*Moose Mountain*): This is well known, the fact that there has been certain Japanese trade turned away from our coast. Now, we know that we have very favourable trade with Japan. I think the minister will agree with this, that if this is continued we cannot hope to continue our exports to Japan on the very happy basis that we have had in the last two or three years.

Right Hon. Mr. HOWE: Why not?

Mr. McCULLOUGH (*Moose Mountain*): Simply because trade is a two-way street, and you cannot continue to export to Japan in a non-favourable balance over the years; that is the reason.

Right Hon. Mr. HOWE: It is not true in the first place, and in the second place is the fact that Japan is one of the countries in the world that has a surplus of dollars. It earns more dollars than it spends. That does not happen in many other parts of the world. But, nevertheless, the Japanese are well aware that the United States will give them long-term credits, and sell for local currency, or some other form of give-away, all the wheat they want to buy from that country. Yet they buy from us.

Now, how can you explain that? I wish your group would consider the possibility that you might sometimes be wrong about your fantastic idea about giving away our crop. You could smash the whole market system of Canada if your ideas were carried out for one year.

Mr. ARGUE: That is ridiculous too.

Mr. McCULLOUGH (*Moose Mountain*): I was predicating my remarks upon trade. The fact remains that we have had very favourable trade with Japan. I do not know up to the present time if our export to Japan of barley has not decreased, but I think it has over the past few years.

Right Hon. Mr. HOWE: Our barley export has decreased for other reasons.

Mr. McCULLOUGH (*Moose Mountain*): We are not going to hold that market, just exactly the same as it happened in Britain, when we were not shipping Canadian farm products to Britain because they did not have the dollar. This government was not ready to take sterling for Canadian exports. That is the fact.

The WITNESS: Mr. Chairman, I wonder if I may deal with Japan. I just came back from there. If I may make a remark or two about Japan: I was in Japan in April and May of this year. I called on nearly all of the ministers of the government who were concerned with trade. They expressed themselves

as being very gratified with the increase in the imports of Japanese goods into Canada. I found nothing but the friendliest feeling toward Canada in Japan. Our wheat trade is going up there. You will be interested in this, that the Japanese government, by design, are trying to get people to eat wheat and wheat products. I am very optimistic in the outlook for the sale of wheat to Japan. For example, every day in Japan there are 7,500,000 school lunches prepared, which are sandwiches. That has gone up 2,500,000 in the last two years. Within two years they expect it will be 15 million school lunches, all of which is having its effect on the import of wheat into Japan.

Now, our difficulty with barley is not a matter of trade. Our difficulty with barley is that the Japanese prefer certain types of American barley, Australian barley and their own home production, because when it is crushed it is whiter than our barley. In addition to that, we have been able to sell our No. 3 C.W. Six-Row barley to the United States at a higher price than the Japanese can buy American or Australian barley. So, from a Canadian standpoint, although we do not like to see the Japanese barley market decrease, we feel that, acting in the interests of the producers we should sell our barley to the best available price.

Those are the important factors in regard to the barley trade. But, I would like to add that all government men I met in Japan had a very friendly feeling toward Canada and were most anxious to increase their imports from Canada.

By Mr. Dinsdale:

Q. How does Mr. McIvor account for the fact that we are able to sell wheat and barley, and so on to Japan, notwithstanding the fact that the United States is also competing for that market? We seem to be in a much more favourable position with Japan in respect to the selling of our grain than is the United States of America. Why is that?—A. Quality.

Q. They are interested in quality?—A. Their bread—and I say this without question—their bread in Japan is better than our bread in Canada. I think it is more palatable. For their bread making purposes they use almost entirely hard spring wheats, which they prefer. They use the soft wheat from the United States and other countries for noodles and cakes, and all sorts of things of which there is a big consumption in Japan. But, the reason that we are able to sell wheat in Japan substantially is due to the fact that they like the quality of our wheat.

By Mr. Argue:

Q. Mr. Chairman, give us some idea of the quantity of wheat that has been contracted for sale, or that will likely be sold to iron curtain countries during the present crop year? Mr. Nicholson referred to these figures—and it is a public report now—that up to May, 1956, 10 million bushels to Poland and 2,250,000 bushels to Russia that has already been delivered. I am not looking for confidential information. However, I just wanted some comment on the importance of the market that is being developed in iron curtain countries.—A. I do not object to giving you those figures, Mr. Argue. I have some of them here: To Poland, 350,000 tons.

Q. 1954-55?—A. 1955-56, this present crop year. Hungary has arranged to purchase around 150,000 tons.

By Mr. Nicholson:

Q. 150,000 tons?—A. Yes, but so far they have purchased 30,000 tons; Czechoslovakia, 320,000 tons. Now, that is all of them, is it not?

By Mr. Argue:

Q. What about the U.S.S.R.?—A. They pay cash for their wheat; there is no credit involved there.

Q. Can you give us the U.S.S.R. figure for this year?—A. 400,000 tons.

Q. That totals roughly how many—

Right Hon. Mr. Howe: They have bought a little in excess of 400,000 tons.

By Mr. Argue:

Q. Would that be around 50 million bushels of wheat, if you added it all up?—A. We will get our statistician here to figure it out; around 40 million, he says.

Q. I have one or two further questions. We have made sales, advanced credits and so on in the amount of approximately 40 million bushels of wheat during the current crop year to iron curtain countries. Everyone recognizes that the Wheat Board sales, arrangements, deliveries and so on are up as compared to what they were a few months ago. Would it be a fair assumption on my part that the increased exports of Canadian wheat during this crop year as compared to last year are likely to be of an amount no greater, or an amount in the neighbourhood of the 40 million bushels that have gone to the iron curtain countries? In other words, this is the reason for the increased export of Canadian wheat, generally speaking?—A. I do not think that is the reason, Mr. Argue. Certainly these purchases contribute to that increase, but you have got the U.S.S.R. in your figure.

Q. Which is a cash sale?—A. Yes.

Q. What I am referring to, Mr. McIvor, is not only credit sales, but sales generally to iron curtain countries.—A. Yes. Well, certainly I do not know of any member of the Wheat Board ever objecting at any time to selling wheat any place.

Q. I am not objecting either, but I am just trying to find— —A. Yes.

Q. We are all glad. I have not heard any direct objection by any member of parliament to this. I have heard, perhaps something that might have been inferred as an objection, but not on my part. As far as I am concerned, everyone in the House of Commons is pleased that Canadian wheat sales and exports have been increased. We are not particularly concerned as to what country that wheat has gone, or is going. So, I am not objecting to that at all.

Have you had any competition from the United States in this area?—A. No, not so far.

Q. Is it correct that the United States in its credit give-away policy, and the public loans that you have outlined in this annual report, specifically prohibit the president and his officials from extending credit to communist countries?—A. At the present time, yes.

Q. Then if you will pardon a comment on my part, I do not think there is any room for criticism of an American policy of credits and exchange of strategic materials to friendly nations and friendly people, aimed at increasing the consumption of wheat. I think that Canada would have been well advised to have done everything possible to increase our sales of grain to friendly countries. The rather ironical comment is that Canadian exports of wheat are improving now, mainly because we are getting sales to communist countries, and also that the United States is not in this market at all—and is not a competitive factor.—A. I do not think you would expect me to agree with those remarks, Mr. Argue. I think that when you say the United States are supplying wheat—I just forget the words you used—but they certainly implied to me that they were supplying wheat to countries which otherwise would not get wheat. I do not agree with that at all. I think what

the United States have done, through their policies, is that they have replaced wheat from other exporting countries, including Canada, in traditional markets. After all, the demand for wheat is not elastic. It is something that is fixed, owing to the pattern of crops in importing and exporting countries, beyond a point where you might sell wheat in an area where the food supplies are very low, and you increase the consumption of food in those areas. But, I think that what they have done with their program, rightly or wrongly, is that they have replaced sales that might be made by other countries. As I said earlier, in some instances these are the countries which, I do not think, needed to buy wheat under one or other of these programs. This has not been because of the United States sitting back and waiting for these countries to come and prove their case. They have been very active in going around the world and trying to get people to take wheat under one or other of these programs.

Q. You do not think the American policy has resulted in the total quantity of wheat that is consumed in the world increasing at all?—A. Apart from the reservation I made in regard to what might be called deficit countries where the people needed additional food supplies—I would say yes in respect to those; certainly to the point where you can get food into those countries you do increase the demand. But, in the traditional countries that are buyers of wheat, I would say that they would get the wheat one way or the other. It might disrupt their trade a bit, but they would purchase their wheat some place.

Q. Mr. Chairman, there can be no objection to country increasing its sales of wheat in the way that you have qualified it, in deficit areas, if it results in a net increase in the amount of wheat that is consumed by people who might otherwise go hungry. That is all that I have ever had in mind when I talked about give-away programs.—A. You and I are in agreement on that point, Mr. Argue. I say you can increase the sale. I have always said this—you can increase the use of grain in countries where people might otherwise go hungry. It certainly would be a good thing to do.

The CHAIRMAN: Mr. Argue.

By Mr. Argue:

Q. One more question, Mr. Chairman. Is it not one of the hopes of the Wheat Board and the wheat producer, that the consumption of wheat, at least over a long-term period, will be rather elastic? Is that not the hope in Japan, that it will be elastic to the point that they are going to introduce a change in their diets—they are going to quit eating rice and start eating wheat?—A. I think you and I are talking about two different things. I say, within a period of time, take one year, the amount of wheat that will be used in one year for human food,—and I will qualify by saying “human food”,—will not be increased very much in that particular year due to the factors we have been talking about, with the exception that you made. But, over the long-term period I would certainly hope that the consumption will increase substantially as a result of increased population and as a result of changes in diets, such as we talked about in Japan.

By Mr. Tucker:

Q. Mr. McCullough said that we had not sold as much wheat as we otherwise could have done to Great Britain because we were unwilling to take sterling. That is stated quite often—and sterling is generally mentioned in regard to these give-away programs, or partial give-away programs. I wonder if you would deal with that. Have we actually failed to sell grain

to Great Britain because we were unwilling to take sterling?—A. I do not think that is right, Mr. Tucker.

Right Hon. Mr. HOWE: England would not give us sterling under any conditions.

By Mr. Tucker:

Q. That was my understanding—that she already has so much blocked sterling outstanding to Egypt and India, she is trying to get that cleaned up.—A. Our sales to the United Kingdom this year are substantially up over last year.

Q. Mr. McCullouch made that statement, and I thought it should be commented on—that we have lost sales to Great Britain because we would not take sterling. I understand that is not the case at all.

By Mr. Nicholson:

Q. Mr. Chairman, Mr. McIvor mentioned earlier that he would be prepared to discuss the possibility of trade with China. I think he was interrupted. It would seem to me that the comments he made about Japan, where they introduced the school lunch proposition, would certainly help possibly in China, with the large population there. I realize it is government policy to decide whether we wish to trade with China; but since Mr. McIvor has been in that area, I think the committee would be interested in his comments in regard to the possibility of selling wheat to China?—A. I can tell you exactly what I found out in Hong Kong after talking to three different people there, who are, I think, very conversant with the position of what I would call mainland China. They say that it is the policy of the Chinese government to try and increase their production at home. As evidence of that they point to the purchase by China this spring of a million tons of fertilizer, the largest single order, I guess, that has ever been placed. I understand some of that was shipped.

Right Hon. Mr. HOWE: From Canada.

The WITNESS: From Canada. They say at the present time that they do not think that China will be in the market in the near future for Canadian wheat or any other export wheat, that the only thing that would bring about that demand would be a crop failure or a light crop.

Right Hon. Mr. HOWE: China is one of the biggest producers of wheat in the world, is it not?

The WITNESS: The third, Mr. Minister. Presently there are 600 million people in China according to these expert people and certainly if there was any way in which we could get into that market and sell wheat I think it would be all to the good but you must remember that anything that would be done in China would have to be done by the government and according to the best information we have obtained in Hong Kong there is no interest in the import of wheat for mainland China.

By Mr. Nicholson:

Q. You say we were able to sell fertilizer in China but Mr. McIvor was not able to get in there to discuss the sale of wheat?

Right Hon. Mr. HOWE: The only thing I know is they wanted to buy fertilizer and they did not want to buy wheat.

By Mr. Nicholson:

Q. Have we now trade relations with communist China whereby people with Consolidated Mining and Smelting have negotiated sales with communist

China where it is not possible for the Wheat Board to go into communist China to promote sales? I wonder if the minister could answer that?

Right Hon. Mr. HOWE: Well, we can send our people in there. They have no protection once they enter red China. We have no consul office in that country or anything similar to a consular office.

Mr. NICHOLSON: You have to take the risk of losing the chairman of the Wheat Board.

The WITNESS: I think Mr. Nicholson is trying to get rid of me, Mr. Minister.

By Mr. Nicholson:

Q. It seems to me if commercial companies are able to sell fertilizer there we should be canvassing also to sell wheat.

Right Hon. Mr. HOWE: Canada could sell wheat there. If China placed an order we will ship the wheat.

Mr. POMMER: Mr. McIvor has been standing for an hour and a half now. I wonder if he could sit down.

The CHAIRMAN: I have suggested that two or three times before to him.

By Mr. Dinsdale:

Q. You say the influence of sterling has not affected the sales position between Canada and the United Kingdom? What would you then say would account for our decreasing sales of wheat to the United Kingdom?—A. They are not decreasing; they are increased.

Q. Well, I have some figures in front of me which indicate a decline in exports from Canada since 1945?—A. Well, you are going back to the war when they had to get their wheat from Canada. They could not get their wheat from Australia, they could not get it from the Argentine; they had to get it from the nearest area. Shortage of shipping and all those other factors, but as far as recent years are concerned, our sales are up. It is up to the United Kingdom as compared to last year.

The CHAIRMAN: Gentlemen, this particular question points very clearly to the fact that possibly we should get down to the specific items because there will be a repetition when we come to deal with exports and we can deal fully with the relative position of exports at that stage. May I suggest we have had a pretty general discussion on trade which actually is pretty far removed from the chairman of the board. Might we get down to item 2 and then deal with this question as we are dealing with the items?

Mr. DINSDALE: I would like to come back to this point at that time.

By Mr. Nicholson:

Q. Before we leave the first item which usually allows fairly general discussion, I think Mr. Davidson the secretary has been available for the F.A.O. or some of the United Nations specialized agencies to give expert advice to some of the so-called under developed countries of the world. I wonder if at sometime before the committee is concluded, whether Mr. Davidson might be permitted to say something about the work that has been done and the way in which some of the other countries have been given financial assistance by Canada and are going further than our Wheat Board is going in having made provisions as far as the export of goods into the country. I wonder if Mr. Davidson could make some statement before the committee rises.

The CHAIRMAN: May I suggest we get on the specific items and it may arise as we go along and if not, we will deal with it after the report.

Mr. NICHOLSON: If there is not provision later on I think this stage is the general item and would be the appropriate time, or if Mr. Davidson might suggest a time later when something could be said.

Right Hon. Mr. HOWE: Item (2) we have the "Disposal of Wheat for Famine Relief and Other Assistance".

Mr. NICHOLSON: I might say that Mr. Davidson is one of the distinguished graduates of the University of Saskatchewan and we appreciate the fact that he has been invited to take on these international assignments from time to time.

The CHAIRMAN: We will try to find an item somewhere or keep this in mind. May we go on to item No. 2 "Canadian Crop Development and Supplies"?

The WITNESS: This refers to the total acreage seeded to wheat, oats and barley, points out that there was a decline of over 1 million bushels in wheat in 1954 as compared with 1953. The reduction in prairie wheat plantings was a reflection partly of extensive spring flooding and partly of a shift by producers to a larger production of coarse grains and seeding operations were delayed, crop developments slow. It gives the production in 1954 of 282 million compared with the average production in 1946 to 1950 of 367 million, the average 1951 to 1953, 597 million and then refers to the carry-over.

The CHAIRMAN: Any questions on that?

By Mr. Quelch:

Q. Can you say what the situation is this year? Will there be an increase in acreage this year?—A. No, the wheat acreage is down another 1 million acres.

The CHAIRMAN: Shall we carry this?

Item agreed to.

No. 3, "Legislation". That is a short one.

The WITNESS: There are no amendments to the Canadian Wheat Board Act in 1954-55.

The CHAIRMAN: Carried?

Item agreed to.

No. 4, "Transportation".

By Mr. Nicholson:

Q. Mr. Chairman, you are going to make a statement on this, are you?—A. Yes, I was going to refer to this and also I have a statement on the general transportation position. This goes on to say that Canadian storage facilities were heavily stocked at the commencement of the crop year and the volume of producers' marketings closely related to the quantities of grain moving from country and terminal positions. To make effective use of the storage facilities available, the board's transportation policy during the greater part of the crop year had to be in terms of moving into forward positions the specific kinds and grades of grain in strongest demand.

Transportation

Since Canadian storage facilities were heavily stocked at the commencement of the crop year 1954-55, the volume of producers' marketings through the year was closely related to the quantities of grain moving from country and terminal positions into domestic and export markets. To make effective use of the storage facilities available, the Board's transportation policy during the greater part of the crop year had to be in terms of moving into forward positions the specific kinds and grades of grain in strongest demand.

Increased pressures on the transportation system developed in the final two months of the crop year, when it was found necessary to move larger quantities of grain out of country elevators than previously anticipated to provide space for the delivery of the eight-bushel general quota.

The following table shows primary receipts from producers and principal movements of Western grain in 1954-55 as compared with those of the previous crop year:

	1953-54	1954-55
	(million bushels)	
Primary receipts from producers	608	524
Shipments from country elevators and platform loadings ..	580	515
Receipts at Pacific Coast Ports	135	102
Receipts at Fort William/Port Arthur	360	326
Shipments from Fort William/Port Arthur (lake and rail)	351	330

Primary receipts from producers at country points amounted to 524 million bushels. This quantity was close to the 515 million bushels of all grains moved by the railways, out of country elevators and from loading platforms. Receipts at Pacific Coast Ports were 102 million bushels, while 326 million bushels of grain were received at Lakehead terminals. The outward movement by lake and rail from Lakehead terminals to Eastern Canada or destinations in the United States was 330 million bushels.

The Board wishes to express appreciation of the co-operation which it received from the Transport Controller, the railways, the lake boat operators and the Board of Grain Commissioners for Canada in the crop year under review.

I think, Mr. Chairman, as our following statement relates to transportation and quotas, I can go right on to the Quota statement.

Delivery Quotas

On July 29, 1954 the Board announced the quota policy for 1954-55. The policy was based upon regulating deliveries to meet market requirements and the initial quota policy was revised to provide more equity in the monetary return to producers. The latter objective was implemented by the introduction of initial quotas on a unit basis designed to more or less equalize returns to producers irrespective of the grain which they chose to deliver. A unit consisted of three bushels of wheat, or five bushels of barley or rye or eight bushels of oats. The initial quota provided for the delivery of grain in the volume of one hundred units.

Following the initial quotas the Board provided for general quotas based upon bushels per specified acre, the latter being each permit holder's acreage seeded to wheat (except Durum), oats, barley or rye plus his acreage in summer-fallow.

The first initial quotas were established on August 28, 1954 and were extended as space became available. Initial quotas had been established at all delivery points by October 15, 1954. A general quota of 2 bushels per specified acre became effective at some individual stations on October 15, 1954. In the next sixty days 2-bushel quotas were established at over 1,700 delivery points. During the same period over 150 delivery points had received a general quota of 4 bushels per specified acre. By the end of the calendar year, general delivery quotas of 2, 3 or 4 bushels per specified acre were in effect at all delivery points in the designated area.

By late April all delivery points in the West had a general delivery quota of 3 bushels per specified acre or higher. Effective on April 22nd the Board

established its first general quotas of 8 bushels per specified acre. At that time a number of delivery points, principally in low yield areas, had space over and beyond that required for the 6-bushel general quota. The Board had in mind that an 8-bushel per specified acre general quota would probably be the limit of general quotas for the crop year 1954-55.

By the end of May all delivery points in the West had a general quota of 4, 5, 6 or 8 bushels per specified acre, and by the end of June all but a few delivery points were working on general quotas of 6 or 8 bushels per specified acre—mostly on the 8-bushel quota.

Early in May, the Board arranged for a special questionnaire to be completed by elevator agents as at May 11th. From this questionnaire the Board was able to calculate its position in respect to the 8-bushel general quota and the questionnaire revealed that it would be practical for the Board to base its plans on the implementing of the 8-bushel general quota by July 31st. On the basis of the information in its hands, the Board was able to give the railways precise information as to car requirements for the balance of the crop year. In early July, the Board commenced to receive sharply increased estimates of car requirements to implement the 8-bushel quota. These estimates increased by as much as 12,000 cars during the month of July. The increases were such that the railways could not, in the few remaining weeks of the crop year, expand their car loadings to take care of the increased estimates of deliverable grain, nor was sufficient unload space available for a sharply increased movement. No doubt the continuing excellent crop prospects was a factor in encouraging maximum deliveries under the 8-bushel general quota and other authorizations in effect in the final weeks of the crop year.

On August 9, 1955, the Board announced that the 8-bushel general quota would be extended but deliveries would be for the account of the 1955-56 Pool. Only after the Board was reasonably sure that the 8-bushel general quota had been completed were initial quotas for 1955-56 established at individual delivery points. By September 2, 1955 the 1955-56 initial delivery quota was established at all delivery points in the designated area, and it was then arranged that producers still having old crop grain to deliver under the extended 8-bushel general quota could apply to the Board for special permits to enable them to complete their deliveries under this quota.

DELIVERY QUOTAS—OATS AND BARLEY

At the start of the crop year there was a strong current demand for oats and barley. To increase stocks of these grains in commercial positions the Board authorized a temporary delivery quota of 1,000 bushels of oats or barley, or a combination of these grains up to 1,000 bushels for each permit holder. This special authorization was made pending establishment and initial quotas at individual stations. The special delivery quota on barley was cancelled on September 22, 1954 but was continued for oats at delivery points where initial quotas had not been established. A short time later the 1,000 bushel provision in respect to oats was again extended to delivery points where initial quotas were in effect.

On January 4, 1955 the Board announced a supplementary quota for barley of 3 bushels per seeded acre. This quota was established to permit the delivery of needed supplies of barley. Later this supplementary quota was amended to provide for minimum delivery of 300 bushels, and also provided that this minimum delivery quota would apply in the case of permit holders who had carried over barley from previous crops but had no seeded barley acreage in 1954.

On May 31, 1955 a second supplementary quota of 1,000 bushels for oats was authorized.

During 1954-55 provision was again made for over quota delivery of one car lot of malting, pot or pearling barley on the basis of a sample accepted by the buyer and for which the producer was paid a premium.

The special authorizations outlined above were, of course, in addition to the quantities of oats and barley which producers may have elected to deliver on general quotas.

DELIVERY QUOTAS—DURUM WHEAT AND FLAXSEED

As in the previous crop year, deliveries of Durum grades of wheat and flaxseed were not subject to quota controls.

GENERAL

During the crop year the Board continued to assist producers in acquiring registered and certified seed and commercial seed, and also made arrangements for producers to acquire for seeding purposes higher grades of grain in country elevators in exchange for lower grades of grain.

Acting on behalf of the Department of Agriculture, Ottawa, the Board administered export control in respect to the Selkirk variety of wheat for the period from August 16, 1954 to July 15, 1955.

The CHAIRMAN: Any questions on that?

By Mr. Nicholson:

Q. Mr. Chairman, I thought Mr. McIvor was going to make a statement regarding the current situation. It has been announced there is going to be a cut-off at the end of July and there are a great many shipping points in the prairie provinces where there is a very low quota. Previously, it has been the policy to extend it and give everybody a fair share of the market. I wonder if Mr. McIvor could make a statement?—A. Here is a statement that shows the progress that has been made this year in respect of delivery quotas. On the 31st of August there were 1,383 points in western Canada on a unit quota. The estimated marketings from the unit was 10 million bushels—the estimated total marketings I should have said from the unit—and from other quotas such as barley, oats and so on—special quotas.

On September 30 there were 2,079 points on the unit quota, the estimated marketings 43 million bushels.

On October 31 there were 1,853 points on the unit quota, 130 on the one bushel quota and 96 on the two bushel quota.

On November 30, there were 1,412 on the unit quota, 427 on the one bushel quota, 185 at two and 47 at three.

On January 5, 731 on the unit quota, 881 at one bushel, 351 at two and 99 at three.

On January 31, 222 points on the unit quota, 931 at one, 698 at two and 216 at three.

On February 29 only 8 points on the unit quota, 703 at one, 333 at two, 362 at three and 160 at four.

On March 31, nothing on the unit quota, 255 at one, 803 at two, 596 at three, 333 at four and 178 at five.

On April 30 only 13 points on the one bushel quota, 438 at two, 577 at three, 613 at four and 425 at five.

On May 31, nothing on the one bushel quota, 181 at two, 312 at three, 589 at four, 484 at five, and 659 at six.

On June 29, nothing on the three bushel quota, 209 at four, 542 at five, 530 at six and 780 at seven.

In addition to the initial and general delivery quotas shown were a number of supplementary quotas special authorization effective in 1955-56.

On August 9, 1955, provision was made for the delivery over the quota of one carlot of barley accepted for malting purposes. On February 21, 1956, the delivery by producers in Manitoba and Saskatchewan of a second carlot of malting barley was authorized; this provision being extended to producers in Alberta and the Peace River area of British Columbia on March 5.

On December 1, 1955, the board announced a supplementary quota for producers in Manitoba and Saskatchewan of 1,000 bushels of oats grading Extra No. 1 Feed or higher, and the provision was extended to the whole of the designated area on February 29, 1956. This supplementary quota was amended on May 31 to include all grades of oats.

On December 1, 1955, a supplementary quota for producers in Alberta of 1,000 bushels of barley grading No. 3 C.W. Six-Row became effective. The board announced on June 11 a supplementary quota for producers in Manitoba and Saskatchewan of 500 bushels of barley of any grade.

The administration of delivery quotas in 1955-56 has been closely related with developments that have taken place in the general marketing picture. I would like to comment further on this close relationship.

During the first three months of the crop year, demand for wheat was limited, and the level of exports was disappointing to the board. With country and terminal elevators well filled we were in a position where delivery quotas at country stations could be increased only on the basis of the volume of grain moving into consumption in Canada or moving out of Canada into export channels. In the autumn months of 1955 home-grown grain in Europe was moving into consumption, and demand for imported grain was slow. Importing countries generally were buying on a hand-to-mouth basis and there was a marked lack of forward buying.

In October and November, however, there were signs of an improvement in the general marketing position, as reflected in good sales made for shipment prior to the close of navigation and for shipment during the winter months through maritime Atlantic ports. I should point out that these sales were quite selective with respect to grain and grades involved. For example, there was heavy demand for No. 4 Northern and the feeding grades of wheat as well as for Durum wheat. Heavy sales of Canadian barley were made in the United States for malting purposes.

In the face of this changing marketing position, the board went into November with two major operating problems. The first problem was to secure sufficient rail transportation to look after the total movement of grain required as a result of the improved sales position. The second operating problem was to move quickly into forward positions the specific grades of grain and kinds of grain required for immediate or early shipment. It was important that we avoid getting into the position of seeing our terminal elevators blocked by quantities of grain not immediately required. These two operating problems have remained with us from last autumn throughout the whole of the current crop year.

During the winter months sales of wheat were most encouraging. The volume of sales were large. Importing countries were buying wheat not only for current requirements but also for future delivery. Sales were such as to necessitate a maximum movement right through to the end of the crop year. As in the late fall months, these sales involved specific grades of wheat which had to be reflected in board shipping programs.

I would like to comment briefly on the matter of board quota administration for the remainder of the crop year 1955-56. It is our continuing policy as a board to make every possible effort, in cooperation with the Transport

Controller, the elevator companies and the railways, to equalize delivery quotas among stations by July 31. It is very much a matter of regret to us, however, that the complete realization of this objective will not be possible. I think members of the committee will agree that, if producers again market over 500 million bushels of grain during the present crop year following the general congestion which we had at the start of the crop year, then we will have had a very large volume of transportation made available to us.

In assessing transportation made available for the movement of grains, I think in all fairness I should mention some special factors which apply. These are:

(1) In the first three months of the crop year the board could only utilize transportation in relation to rather limited sales. This was a retarding factor in the crop year movement of grain in the prairie provinces.

(2) Commencing in late October and November, we had a sharp change in the demand for grain which suddenly increased the demand for transportation—an upswing which continued throughout the winter months and up to the present time. As a result, the railways had a sudden adjustment to make, an adjustment which had to be sustained and increased as the crop year advanced. This occurred at a time when the demand for transportation was general throughout Canada.

(3) The railways had to apply transportation in a selective way as a result of the specific market demands which the board was called upon to meet.

This generally is the background of the quota and transportation problem of the present crop year.

By Mr. Quelch:

Q. Mr. McIvor, you have given the situation as of June 29?—A. Yes.

Q. In respect of quotas from four bushels to seven bushels, what would you say could be the best situation by July 29? Would you say that all farmers will have an opportunity of delivering six bushels?—A. I am very cagey on that question, if I may say so, because last year, in May, we thought that we would have no difficulty in taking eight bushels, and it was based on the opinion that we got from the elevator agents. As I said earlier, in the month of July we were confronted with a demand for 12,500 additional cars; we did not succeed in taking it by July 31st.

By Mr. Nicholson:

Q. But you did before the end of the year?—A. The end of the calendar year, but not the end of the crop year. And we had to extend delivery quotas; and I think frankly there were a number of abuses in regard to that extension. When you have 240,000 farmers, I think sometimes four men cannot keep up with them. I am sorry; I do not think I quite finished the answer. I would rather not—unless you press me, Mr. Quelch—I would rather not put a figure on it. We are certainly working toward six bushels, if that would be sufficient for the time being.

By Mr. Quelch:

Q. I was wondering; if it is not possible to fill all points to at least six bushels to the acre, would it not be possible to extend the quota to those farms with quotas below 6 bushels beyond July 31, on condition that they sign an affidavit that they are filling that quota with old wheat? You finally had to do that last year, did you not? You required the farmer to get a permit

to deliver wheat after, I think it was August 8th, by signing an affidavit to the effect that the wheat to be delivered was last year's wheat and not wheat from the present crop?—A. In the light of our experience last year, I do not think we could extend it.

Right Hon. Mr. HOWE: Hear, hear; after all the abuses we got last fall, mostly resulting from extending those quotas.

The WITNESS: The fact of the matter is that in spite of all we could do, a great many of the deliveries that were made after the end of the crop year were new wheat. There was a great deal of dissatisfaction in the country. We have discussed this matter with our farm advisers, and I think I am not talking out of school when I say they feel it would be inadvisable for us to extend the quotas this year.

By Mr. Pommer:

Q. Mr. McIvor the delivery of barley and oats was down this year from a year ago. Is this due to lack of sales, or have the producers marketed their wheat in preference to the coarse grains?—A. I think it is due largely to the producers marketing their wheat in place of coarse grains. The fact that we had to put in supplementary quotas in order to get out barley and oats would indicate that the producer was marketing his wheat.

Now, according to the latest figures on marketings up to June 20, there were 420 million bushels of all grains marketed in western Canada compared with 404 million bushels last year. Of that there were 262 million bushels of wheat marketed, compared with 232 million bushels: 30 million bushels more than a year ago. I think that is the reason.

Mr. POMMER:

Q. I wondered about that.

By Mr. Harkness:

Q. I was really going to come to the same point that Mr. Pommer was on. In particular I wondered if there was any possibility of any further supplementary quotas for oats and barley during the remainder of this crop year in order to increase the amount of oats? Is it not a fact that there is a certain shortage of oats and barley?—A. No.

Q. There is not?—A. No.

Q. I wonder if Mr. McIvor would just answer that first question that I asked in respect to the possibility of further supplementary quotas for oats and barley?—A. Mr. Harkness, if further supplementary quotas are needed to get out the oats and barley that are now in demand, we will certainly extend them.

Q. You do not anticipate that at the moment?—A. I do not think so. At the present time we have got 19 million bushels of oats in country elevators, compared to 12 million bushels at the same date a year ago, and 24 million bushels of barley compared to 22,500,000 at the same date a year ago. There is a considerable amount of both oats and barley being delivered now on the supplementary quotas which have already been established.

By Mr. Quelch:

Q. I was around my constituency in the first week of August, visiting a lot of the elevators, and at that time there was a lot of confusion amongst the elevator agents. They did not seem to know whether or not they could accept new wheat; and it is true that a lot of farmers had not been able to fill their quota out of the old crop, due to being hailed out, and they were bringing in new wheat to fill that old quota. On the other hand, there were many farmers who had not been given a chance to fill the old quota out of that crop.

They had the old crop there to fill it, but the quota had not been raised. They had not been able to fill the eight-bushel quota, because the quota at their points had been kept down to maybe five or six bushels, at perhaps points like Rumsey and Czar, and a number of other points. It was later raised to 8 bushels and the farmers, by signing affidavits, were allowed to haul their wheat in. But, I do think it is going to cause a lot of hard feeling if certain points are not allowed to have higher quotas than five bushels while other points have seven-bushel quotas, and those farmers are not allowed to finish that quota out. I still think it would be better to allow those farmers to fill their seven-bushel quotas out, if the rest of the farmers are getting seven-bushel quotas, by signing affidavits. Because, the whole basis of the policy depends upon the equality of deliveries; and if we are going to have quotas of five bushels at some points and quotas of seven bushels or eight bushels at other points, and then have a deadline and say "You can only deliver five at this point, and at another point you can deliver seven", I think it is going to cause a lot of hard feeling. It seems to me you could get away from the problems you had last year by having farmers make out affidavits to the board that the wheat being handled was old crop and not new crop. The reason it was not so last year was not altogether—I do not blame the farmers altogether but there was a lack of uncertainty. They did not know at that point what the was not so last year was not altogether—I do not blame the farmers altogether but there was a lack of certainty. They did not know at that point what the policy was in that regard. Elevator operators told me: "We do not know what we can do. We do not know whether it is new wheat. The farmers just bring their wheat and we do not know whether it is old or new". Later on you did produce an affidavit and I think you could clear up that difficulty if you required an affidavit?—A. The basic difficulty, Mr. Quelch, about this whole thing is this—and this is the thing that creates variable quotas. If the grain was all one grade, using a sample illustration, you could just take the quotas from every point and you would not be concerned about it but due to the fact that we have had an extraordinary demand for certain grades of wheat that is the factor that has thrown these quotas out of line. We tried to balance out the quotas at the end of the past crop year and we got into this difficulty. We were afraid that would congest our storage facilities with the type and kind of grain that would not readily sell and we would find ourselves in difficulty. We discussed this whole matter this year with our advisory committee. We feel that above everything we must give the preference to our sales policy and the question of the equalization of quotas must be secondary because particularly in these difficult days we must get the kind of grain out that is needed in the world's market and that has the effect of providing for unbalanced quotas in the country.

Q. Would you say then points that have lower quotas on July 31 will be points that have not the type of wheat you require?—A. Largely, yes.

Q. Largely?—A. Yes. No. 3 Northern, for example, is a grade that is not selling very readily at the present time. There are very heavy stocks of No. 3 Northern in some areas in which the quota is low but we are going to try within the limits of our ability and looking after our sales position to do the very best we can to make quotas as well balanced as possible in the west.

Q. It is rather a strange situation when farmers with No. 3 should be penalized. That is a pretty good grade of wheat?—A. Well, it is a funny thing about this business but last winter our heavy grade was No. 4. We could not sell No. 4. Suddenly a demand came in, chiefly from the U.S.S.R. and we are scraping bins for No. 4. Last fall we had a pretty good demand for No. 3 and at times could not sell No. 2. It keeps changing depending on the demand.

By Mr. Nicholson:

Q. It seems to me it is a disturbing picture. At the end of June there were 780 points with a 7 bushel quota. There were 751 points with a four bushel and five bushel quota taking the two together. Now, I am most anxious that the good reputation of the Wheat Board be maintained but it is going to be difficult if there are a considerable number of points with a four bushel quota at the end of July and others with a seven bushel quota—it is going to be very difficult to satisfy the people with the four and already in the country there are some who are suggesting that there is a better way of marketing wheat than through the Wheat Board. I am anxious that some consideration be given to the proposal Mr. Quelch has made that at the end of the year some consideration be given to bringing the lowest up higher. I think one year some of your trouble was the overly optimistic statement the minister made even after the middle of July regarding the fact that the 8 bushel quota was going to be delivered without any trouble. Now, that was not a realistic statement to make at that time— —A. May I stop you at that point, Mr. Nicholson, because if the minister made that statement he did so because we told him we thought it should be made and I want to clear that up. There is no criticism of the minister because the statement was made based on the information that we had received from the elevator agents and I would not like any misunderstanding on that point.

Q. Certainly the statement made in the middle of July was not accurate information as things turned out?—A. And I will tell you one reason the information was given—and there is nothing personal in this—but the Wheat Board day after day after day was being pressed by farm leaders to say something on this. We did not want to; and they said: "Surely you must be able to say something". Well, we did.

Right Hon. Mr. HOWE: This year we are not going to say anything.

Mr. NICHOLSON: You are not going to say anything?

The WITNESS: May I interject for just a minute? You are looking at this picture in the 8th inning of this game; we have another month to go.

Right Hon. Mr. HOWE: They usually wait to the 10th inning.

The WITNESS: I would say this picture will look very much improved a month from now because these cars are going into these areas now where the low quotas are in effect.

By Mr. Nicholson:

Q. Mr. Chairman, we are now in July. It is usually known that the elevator agents get two weeks holidays in the month of July so that we have half a month of July. I think there will be very few deliveries in some plants?—A. I can assure that the managers of some of the elevator companies have assured me they will take their holidays in August this year.

Q. Can the chairman not give us something more reassuring than he has given so far that the 751 points at the 29th of June on the 4 or 5 bushel quota would be—

Right Hon. Mr. HOWE: You cannot expect to criticize me for giving information last year and ask for it this year. You are not going to get it this year. Keep on pressing but that is the answer.

By Mr. Nicholson:

Q. I think if the chairman is not prepared to give this information there should be some representation made to parliament because this large group of farmers who are only going to be able to deliver 5 bushels compared with 7 bushels that other neighbours are delivering should be given some sort of relief.

The CHAIRMAN: But you are talking of an assumption there. You still do not know what the picture will be on July 31.

By Mr. Mang:

Q. Mr. Chairmah, you said a while back on this very point of the jam we got into last year you based your estimate on the information supplied by elevator agents?—A. Right.

Q. And the elevator agent gets the information from the farmers?—A. That is right.

Q. Now, like Mr. Quelch, when I got home at the 1st of August I visited elevators in my constituency and I heard remarks about the Wheat Board and about the quota system and about C. D. Howe and I wanted to get to the bottom of it and at elevator after elevator I got this story or at the time that Mr. Howe made his statement in the house and when you were being pressed, Mr. McIvor, for a figure, a commitment whether or not you were going to get the 8 bushels up, the elevator agents asked Tom, Dick, Harry and Joe around the point: "How much have you got out there Jim?"—"Oh, there are a couple of jags". That was the idea at the end of June. Then along came these better crop prospects and instead of that jag it turned out to be a whole binful, often more. I told my farmers quite directly that in this estimating of the market everyone has a share of responsibility in it and you cannot expect one group to share the responsibility and in this particular instance the jam we got into about this statement we had in the house about the tie-up where you needed to get 12,000 more cars was simply something that happened because of unforeseeable circumstances. Now, if we are going to make a commitment again this year, definite, hard and fast, we are going to have the same thing all over again.—A. Mr. Nicholson said something about the reputation of the Wheat Board in the country, I think, in his remarks. I have been at five farm meetings last fall and I told them that as far as I was concerned, We would never again make any statements, about the amount we were going to be able to take in the crop year and I assure you I think those remarks had the approval of those farmers who were at that meeting so that I am not too concerned about what the farmer will say. I think he will commend us for not making a statement which we cannot carry out and we should not commit ourselves to something we cannot foresee.

Q. Exactly, I found the farmers very reasonable when I explained it. When you understand it is all right but there are certain people who will fan the other side of the flame.

By Mr. Nicholson:

Q. Mr. Chairman, we now have 780 who are on a 7 bushel quota. How does Mr. McIvor explain the fact that these have been raised from 6 to 7 while we had 700 who were on 4 or 3?—A. I think I explained that. I may not have made it plain but I will do it again if I may. The position is that we feel—and certainly I think every farm organization in Canada will agree with this—that the number one job of the Wheat Board is to get out the kind of grain that we can sell. There cannot be any dispute on that point surely. And secondly in pursuance of that policy we try and equalize the quotas as much as we can. These quotas came about largely due to the fact that in this area there was malting barley, Durum wheat, flax and low grade wheat and you have had a very ready demand. In fairness to the man who lives at those points are you going to hold a quota at 5 or 4 bushels if there is space in the elevator? I do not think you should.

By Mr. McCullough (Moose Mountain):

Q. I have not too much quarrel with what Mr. McIvor has said in respect of the Wheat Board policy, keeping the elevator space in terminals in a position that you can readily take advantage of sales, but I do want to make this point and I think it is one that should be considered and if possible a solution found, namely, as Mr. McIvor has pointed out, there is an increased demand for No. 4—I suggest a lot of western wheat was sold which should have been graded above No. 4; in other words, it was regraded simply because the farmer went to the elevator, there was an opening for No. 4 wheat but nothing for No. 2 or No. 3 and his grain has been degraded. Now, if we have the policy of a formal cut-off with low quotas and farmers being penalized simply because they have a higher grade wheat than has been in demand, the policy is going or the situation is going to be the farmer is going to have a degrading on his wheat because it means that he needs the money to pay his expenses and carry on, and I think it is quite unfair, the result in the past where the farmers have been penalized because they cannot meet the demand for certain grades of wheat. I am not blaming the Wheat Board. They have got to go out and sell it where they can sell it according to international demand, but I am saying we want the Canadian Wheat Board to remain in the high esteem of our population. We consider it the finest method of marketing, but there are inequalities there and I suggest that if on July 29 there is a definite cut-off with some of these farmers having such a low quota there is going to be again a tremendous tendency for farmers to deliver high quality grain and be degraded in order to meet the demand which perhaps is pressing at that time.—A. I have not heard, Mr. Chairman, of any wheat being degraded.

Q. I know of it.—A. I cannot conceive of a cooperative organization or the other companies, for that matter, engaging in that kind of thing. I have not heard a word of it.

Now, with regard to your question about the grades. We do not know what grades will be in demand next August or September. We might have a complete change in this position. It keeps changing all the time. If it does these points, of course, get the benefit in shipments. But I do know that there are a great many of the farm leaders in western Canada who feel that we made a mistake in extending the quota last year and do not believe we should do it this year.

By Mr. Tucker:

Q. It is very interesting that the Interprovincial Farm Union Council, who appeared before us three or four days ago, said that they had no definite representations on the matter at all. That was very interesting so far as I am concerned.—A. Somebody has suggested, I think, that this matter had not been given any too much attention. We have been studying this situation for a considerable period of time and we called our advisory committee together. The advisory committee is Mr. Plumer of Alberta, Mr. Brownlee, Mr. Hanson of the Farmers' Union, Mr. Parker, Mr. Marler and Mr. Wesson. We discussed this whole problem with them and the only recommendation they came up with was that we should try and adjust these quotas as much as we could between now and the end of the crop year, which we are trying to do, and there was no suggestion we should extend the period beyond the 31st of July.

By Mr. Quelch:

Q. I think if we are in a position to say that all points that have the type of grain required by the Wheat Board will have a very good chance of having

their quota raised to six or seven bushels that will help.—A. I can assure you that will be the case.

By Mr. Tucker:

Q. Another point, Mr. Chairman. I found a great deal of satisfaction with this idea of the unit and the fact that so many people seemed so pleased with it, and they suggested to me that I bring forward the suggestion that it be put up to perhaps 200 units instead of 100 before you go on the acreage basis. Has that been given consideration and if so what is the attitude?—A. Well, of course, the small farmers think that is wonderful, but the big farmer does not even like the 100 units and the man in between certainly would object to the 200 units. So I think in all fairness the 100 units is a fair approach to it.

By Mr. Quelch:

Q. Is consideration being given to alternative delivery points where there are points with only one elevator?—A. No, not to the single elevator point. We are, however, providing alternative delivery points on this previous question we discussed where there is space at a point and where a man can get it into that point and cannot get it into his own point. That will be a case of individual application. As far as the one elevator point is concerned there has been quite a bit of discussion on that over the years and some of the producers are for it and some are against it. Some feel that they do not have the same opportunities with just one elevator at a point and there are others object to those who are at other points and some with one elevator object to throwing the thing open because they feel that it might minimize their delivery opportunities.

Q. Some farmers where there is only one elevator would have a right to elect to deliver at a different point at the time he signs the permit, would he not?—A. No, he would have to deliver at his own delivery point, but to deal with this present situation in order to increase delivery possibilities, we will be putting into effect alternate delivery points so that a man can deliver to other than his own point on the quota in effect at his point; in other words, we do not want the space not used.

By Mr. Nicholson:

Q. Mr. Chairman, I wonder if Mr. McIvor has a breakdown of these four and five bushel points on the basis of the Canadian Pacific Railway and Canadian National Railways? There are some reports that the branch lines of the C.P.R. have been short of cars and the C.N.R. have not. Have you got any breakdown on the railway basis?—A. I have it here, but not the same date, Mr. Nicholson. This is the 20th of June, if that would be satisfactory.

Q. If we had the four and five and six?—A. You want the four, five and six, is that it?

Q. Yes, on the basis of C.N. and C.P.—A. Well, in Manitoba—this is June 20—there were nine points on four bushels, two to the C.P.R. and seven on the C.N.R. There were 58 points on the five bushels, 35 C.P.R. and 23 C.N.R.

By the Chairman:

Q. I would suggest that you might give the figures for all provinces and that would serve the purpose.—A. I had in mind that Mr. Nicholson was particularly interested in Saskatchewan.

Q. I think all provinces would be better.

Mr. POMMER: I am interested in Manitoba, Mr. Chairman.

The CHAIRMAN: We can have the figures printed, if you like, in the record. We will take the breakdown by provinces.

Mr. McCULLOUGH (*Moose Mountain*): I think Mr. Nicholson wanted it right away.

The CHAIRMAN: Let Mr. Nicholson speak for himself.

By Mr. Nicholson:

Q. Let us have them all.—A.

Province	Quota	Railway	
		C.N.	C.P.
Manitoba	6 bushels	50	58
	7 bushels	105	87
Saskatchewan	3 bushels	5	7
	4 bushels	58	223
	5 bushels	163	206
	6 bushels	200	65
	7 bushels	118	31
Alberta	3 bushels	2	—
	4 bushels	5	90
	5 bushels	22	97
	6 bushels	102	86
	7 bushels	84	12

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I wonder if you might ask if Mr. McIvor give those points served by each of the two railways?

The CHAIRMAN: The individual point?

Mr. McCULLOUGH (*Moose Mountain*): Yes.

The WITNESS: I guess I can get them for you.

Mr. QUELCH: The name or number?

Mr. McCULLOUGH (*Moose Mountain*): The number of points served by each?

The WITNESS: I am sorry. We can give you those from this statement. Canadian Pacific Railway 1,008; Canadian National Railways 954; Northern Alberta Railway 66, and competitive 52—a total of 2,080 points.

By Mr. Mang:

Q. There was a point raised in the committee last week that some of the branch lines of the Canadian Pacific Railway did not get the same opportunities to get their grain out as did points on the Canadian National. That was raised by a member of the Interprovincial Council last week. Is there any information on that?—A. Well, the C.P.R. have been in the last month doing a magnificent job in supplying box cars, the last two months. The position on both lines is that the C.P.R. have loaded 122,000 cars to the 20th of June, compared with 127,000 for the same period a year ago. The Canadian National have loaded 112,000 compared with 103,000 for the same period a year ago. The Northern Alberta Railway loaded 9,258 compared with 11,030. The total loadings are up from last year 244,000 compared with 241,000. That is from August 1 to June 20.

By Mr. Nicholson:

Q. Mr. Chairman, those figures would mean the C.N.R. have upped their cars by 9,000 and the C.P. have downed theirs by 5,000 for that period, and these previous figures Mr. McIvor gave would certainly indicate that Saskatchewan for the six and seven bushel quotas the C.P.R. points are in a much

worse position. I wonder what, if anything, the board can do to try to iron that problem out before the end of the crop year.—A. As I said, I think the C.P.R. is certainly doing a good job now but you have got to go back to what I have said two or three times, the matter of grades. I think that proportionately there are more of the grades that are not needed in elevators on the C.P.R. lines than there are on the C.N.R. lines.

Q. Rose Valley, for instance, is on the C.P.R. and Kelvington on the C.N.R. Those towns are close together— —A. Well, you can find exceptions to every rule, I am sure of that.

Q. But the figures you gave indicate that the C.P.R. points generally— —A. No, the point is this, are the Canadian Wheat Board going to decline transportation from the C.N.R. because quota points get out of line? It is just impossible to conceive of, so what we have got to do as a board is to use all the transportation we can get on both lines and ship the maximum quantity of grain whether quotas get out of line or not. That seems to me the only sensible approach to this problem.

Q. It seems to me some government agency should be worrying about this on the latest statistics you have given us?—A. We are worrying about it every day, Mr. Nicholson, and the Transport Controller. There is not a day we do not talk to him and there is not a day he does not talk to the railways and the C.P.R. have come up tremendously in their loadings. As I say I would far rather look at this thing at the end of this month than look at it now. We are just in the 8th inning and are going into the 9th inning. Let us leave it and see what we can do at the end of this month.

By Mr. Mang:

Q. I have heard the inference that the C.P.R. has been down in its services because other rail freight is more remunerative than grain. Is there anything to that, I wonder?—A. Well, I have never believed it personally. I have not believed it but I have heard it in the country.

The CHAIRMAN: Can we carry this section now?

By Mr. Dinsdale:

Q. On page 4 of the second part of the report, table 4, it suggests that each year there has been a serious carry-over problem in the hands of the Wheat Board. I do not suppose it is possible to project the current figures, Mr. McIvor, to indicate what the carryover might be this year?—A. I do not know, Mr. Dinsdale. I would rather not.

Q. The reason I asked that question is it seems to me that the quota arrangement and transportation problems are related to continuing congestion. Would you care to comment on what long term plans might be contemplated in dealing with this situation? It is a continuing situation and it is fine to meet the emergencies as they arise from year to year but what long term plans have you undertaken to deal with this situation?—A. Well, the only way you can provide for the delivery of grain in the country is by sales. Whether they are sales within Canada or sales for export, that is the only way you can provide for deliveries. I do know that within the last two months all of our ports have been operating at a maximum. I think this past month—I have not seen the figures—I think there is pretty close to a record movement through Vancouver. The St. Lawrence has been operating at a maximum. As for long term plans there are two points that need to be considered. One is production and the other is the question of the sale of your grain, demand. Had we not had rain ten days ago in western Canada we would not be very concerned about the situation between now and July—12 months hence. A great deal depends on our crop this year. If we have a reasonable

crop then the burdens that are imposed on the transportation system and the quota system will, as the months go by, be reduced. I would say just offering it as an opinion that the 12 months beyond us from next August are such that we should have a reasonably good demand for our wheat. Now, nobody can guarantee that but there has been a considerable amount of damage in Europe. I would hope the Far Eastern demand would continue so that the problem will gradually be reduced as the demand can be maintained, but I do not know of any other long term prospects. Certainly I do not believe we should embark on any policy of crop restriction which has been talked of by some people. It seems to me that has been automatically working as far as wheat is concerned. The only thing that I can offer to you is that we can try to market our wheat in every country in the world that we can market it in and to the extent that we can do that, to that extent the situation in the country will be relieved.

Q. The difficulty last fall seemed to be partly connected with the selective kind of demand. Do you think that the provision of inland terminals might get over that difficulty to some extent? It seems that the demand is almost invariably selective, and with congestion it is not possible to bring forward the grains demanded quickly enough to supply that demand. How can that be overcome?—A. I would not advocate increased storage in this country. There has been a lot of storage built. There might be some improvement in the situation in eastern Canada as a result of the St. Lawrence seaway. Changes could be made in that direction. But, the trouble with inland terminals during a number of years, Mr. Dinsdale, was that the only use there was for inland terminals was probably the odd small boy tossing a stone through one of the windows, when they were not being used very much.

You have got to consider the long-term situation, because we are not always going to produce these bumper crops. There is no doubt about that in my mind. People say "Well, production methods have changed"; but you have got to have the full measure of good weather, just the same, to produce grain.

The CHAIRMAN: Shall we carry this?

By Mr. Quelch:

Q. There is another point I wish to bring up: this question of the sale of feed wheat, or low grade wheat by farmers, to people other than elevator agents. I take it there is nothing to prevent the farmer from selling his feed wheat, we will say to an implement dealer, and trading it for a binder or a combine, or an engine, so long as that wheat is going to be fed within the province?—A. No; he can do that.

Q. He can do that. If that implement dealer should, in one way or another, sell the wheat outside the province, is that farmer then liable, or is the implement dealer the one who is liable?—A. The farmer—so long as he does not deliver his wheat to commercial facilities, within the province—that is, box cars or country elevators,—he can sell his wheat to an implement dealer, or to his neighbour. Now, if this man takes wheat and tries to ship it across provincial boundaries, he will then come in direct conflict with the Canadian Wheat Board Act, and he would be responsible.

Q. That is the implement dealer?—A. Yes.

Q. The farmer would not be liable?—A. No.

Q. There is nothing to prevent the implement dealers from doing as they have been doing,—taking quite a heavy delivery of wheat in exchange for machinery, and then shipping it by truck up to other points within the province for feeding?—A. So long as he does not deliver it to commercial facilities.

The CHAIRMAN: Is that carried?

Mr. McCULLOUGH (*Moose Mountain*): I have a number of questions. It is 1 o'clock Mr. Chairman, and I just wondered if you wanted to adjourn or—

The CHAIRMAN: I am in the hands of the committee.

Mr. NICHOLSON: We are meeting this afternoon.

The CHAIRMAN: At 3 p.m. in the same room.

Luncheon adjournment.

AFTERNOON SESSION

July 3, 1956

3 P.M.

The CHAIRMAN: Order. We were—

Mr. ARGUE: On a question of privilege; I made the statement this morning that in my opinion, during the period of years following the war the Americans, through the Marshall plan, had supplied substantial quantities of money for the purchase of Canadian wheat. The minister said he did not know that. He said there was nothing in that, that no American money had been used for the purchase of Canadian grain. In support of what I said I have in my hand, from the library, Keesing's Contemporary Archives—Weekly diary of world-events of 1952 to 1954.

On page 12,551 of Keesing's under the heading "Mutual Security Program. —Total U.S. aid authorizations and shipments under European recovery program, mutual defence assistance program, and mutual security program, April 1948 to March 1952.—'Off shore' purchases." It lists as being purchased from Canada, during that period, \$490,700,000 worth of bread grains. I take it from this document that is the over-all value of Canadian bread grains, mainly wheat, if not exclusively wheat, that were purchased in Canada and paid for by United States dollars, under what we commonly call the European recovery program, or the Marshall aid program. On that particular matter, there are many purchases in addition to bread grains, the total of which is over \$1,100,000,000. But I advance this as proof of my statement that Canadian grain has been purchased and paid for by American dollars on what might be called a give-away program.

As far as I know neither the government, nor any official of the government has ever at any time complained that the United States followed a program by which they were giving Canadian wheat away, as long as they—the Americans—saw to it that the Canadian wheat was purchased and was paid for in hard currency. I repeat again my own belief that Canada should be following a program wherever it might be necessary to provide wheat without cost to nations of the world that are greatly in need. It has been done successfully in the past. It was done on our behalf during this four-year period. We sold, I take it from the report, over 200 million bushels of wheat in that four-year period—given away, but paid for by the United States.

The CHAIRMAN: Shall we get back to items 4 and 5. Are there any further questions on quotas, or shall we go on to item 6?

Mr. George McIvor, Chairman, Canadian Wheat Board, recalled:

By Mr. Charlton:

Q. I was going to ask Mr. McIvor—it has been said that the grain elevators were so plugged with wheat in the eastern provinces that there was no space for feed grain, and that was the reason for the extra price this year. Now, is that true or not?—A. No, that is not right. The elevators in eastern

Canada were pretty well congested last fall, but there were substantial quantities of feed grain moved east by boat. In addition to that, of course, there was a very big movement all winter by rail. We did get some complaints at times about local shortages here and there, but I think in general a pretty good job was done in supplying the east with feed grains.

As to the price, I do not think the price was unreasonable at any time, as far as the western producer was concerned.

Q. No, I did not infer that. Please do not misunderstand me. The price differential between the western producer and the eastern feeder is so great that it makes the eastern feeders wonder sometimes why there is the great difference there. I realize that feed grains have gone up this year, there is no doubt about that.—A. I think, Mr. Charlton, sometimes the eastern feeder is inclined to confuse the price that is paid in the form of an initial price that is paid to the western producer with the price that he actually has to pay for the grain in the east. The correct comparison would be between the final price that the western grower gets and the price he pays for his grain.

Q. That is true, but there is still quite a difference, you have to agree. Now, can you give me the amounts of grain that were in storage as at the end of lake shipping last fall, feed grain in storage in eastern elevators, and the amount that was brought down by rail during the rest of the season until lake shipping opened up again?—A. I will see if I have those figures for you. If I have not got them I can get them for you.

Q. If you have not got them you can get them for me.—A. Yes. I will have to get them for you, Mr. Charlton.

Q. All right.—A. That is at the close of the lake shipping season, and the amount of grain that was moved by rail, feed grain?

Q. The amount in storage in eastern elevators at the close of the lake shipping season, and the amount brought down by rail until the opening of that season.—A. Yes.

By Mr. Quelch:

Q. Mr. Chairman, while we are on the point of feed grain, there was quite a bit of confusion the other day when the Interprovincial Farm Council were here as to just what methods could be adopted by cooperative organizations of farmers in eastern Canada or in British Columbia to obtain feed grain. The question came up whether or not the cooperative organizations, or the farmers in the east, or in the west could buy a carload from the individual farmer without having to go through the Wheat Board. Could they do that by getting a permit from the Wheat Board?—A. No. We would not issue a permit. The position is that under the Canadian Wheat Board Act all of the grain that is delivered to commercial positions must be delivered to the pool. If a man wants to buy grain directly from the farmer in the west he can buy the grain from the farmer by paying the market price. That is, the farmer would get his initial price and the Board would get the difference between that initial price and the market price at that time. He could ship it east under those circumstances. There is some of that being done.

Q. That is, they could buy a carload of wheat from the farmer provided he could ship through an elevator under his quota and obtain the initial price?—A. They would have to pay the Wheat Board price for either wheat, oats or barley, and the farmer would get his initial price. He would get his participation certificate just the same as if the grain had been delivered directly to the Board, and we would get the market price on that day for the grain.

Q. What they would have to pay then would be the Wheat Board price. They would not have to pay any brokerage fees or anything of that kind. They could get it at Wheat Board prices?—A. Yes.

By Mr. Pommer:

Q. Would that be charged again on his quota?—A. Oh, yes.

By Mr. Quelch:

Q. The same applies to coarse grains?—A. Yes, just the same.

By Mr. McCullough (Moose Mountain):

Q. Mr. McIvor, would that farmer, or the purchaser in eastern Canada, under that policy, be guaranteed the identical grain delivered to him?—A. The usual procedure would be for the purchaser in eastern Canada to go to the elevator, or have the farmer go to the elevator at that time, the man that is selling him the grain, but the responsibility of supplying that particular grain would be on the elevator company. We would have no means of checking on that. And it would be inspected, of course, when it went through Winnipeg in the usual way.

Q. Then there is no way by which a farmer can make a direct deal: that is a western farmer with an eastern feeder, to get away from the elevator charges?—A. Yes. He can load it in a car if he wants.

Q. I see.—A. But the question of weights would come in. He would have to have the car weighed some place, and it might not be too satisfactory on account of that difficulty of weighing, unless he was going to put it into a terminal elevator and reload it out, which would be a rather expensive operation. The elevator agent, or the farmer could always get a scale weight and provide an affidavit of weight, but there is not too much of that done.

Q. Following up that question, when we met the Interprovincial Farm Union Council the other day, as Mr. Quelch pointed out, there was quite a lot of interest shown in respect to feed grains coming from the west to eastern Canada. I think one of the important phases of that discussion was that the western farmer perhaps could not be assured that his grain, as an example, feed grain, would go through to the feeder in eastern Canada, and that he would be guaranteed the same quality feed grain. Is there any assurance that that can be corrected so that the western farmer would get the price of the grain delivered, and the eastern feeder would get the quality of feed grain for which he was making a deal with the western farmer?—A. The western farmer could go, for example, to his own cooperative organization, that is the pools or the grain growers, and he could say, "Now, I want to sell a car of barley, or car of oats for shipment to Arnprior, Ontario," and the agent would have full instructions from the Board as to how that would be handled. The agent would collect from that particular farmer the difference between the initial price and the market price on that day, and then it would become the farmer's own grain and he could ship it east to, say, Arnprior, Ontario, with an affidavit of weight from the agent that that amount of grain was loaded in the car.

As far as the grade is concerned, when the car would go through Winnipeg the Inspection Department would grade the grain and presumably the western farmer would sell the grain in the east whatever grade it was and that would be the grade that would be accepted unless there was an agreement between the elevator agent and the farmer as to the grade at the time of the movement.

By Mr. Weselak:

Q. What rate would apply in a case like that, the Crows Nest Pass rate or the domestic rate?—A. The Crows Nest Pass rate would apply as far as the lakehead and from then on the domestic rate would be quoted for the particular destination.

The CHAIRMAN: Shall we carry this?

By Mr. Argue:

Q. Mr. Chairman, I would like to ask one or two questions about the availability of boxcars and the difference of quotas at shipping points along various railway lines. I realize that was referred to to some extent this morning but I was unable to be here. This morning I believe Mr. McIvor, gave the quota figures for June 29. Adding all the C.P.R. points on 3 or 4 bushel quotas I get 228 on C.P.R. points and only 65 on C.N.R. lines; in other words, the low points were concentrated on the C.P.R. line. Conversely the higher quotas of 6 or 7 bushels per acre totalled 96 on the C.P.R. lines and 318 on the C.N.R. lines. As far as higher quotas are concerned, the proportion, three times as many on C.P.R. line as on C.N.R. line and the very opposite as far as low quotas are concerned. It seems to me from this evidence alone that it would be fair to conclude that the C.N.R. has done a relatively good job of making boxcars available and hauling out the grain while the C.P.R. has done a very bad job of providing boxcars and the farmers generally speaking in the province of Saskatchewan at least who are on C.P.R. points have in fact been penalized?—A. I guess you were not here this morning when I gave the figures of the loadings of the two railways up to the 20th of June. Those are the last figures I have. May I repeat those? For the period August 1 to June 20, the C.P.R. loaded 122,737 cars. For the same period in the previous year the C.P.R. loaded 127,128 cars. For the period August 1 to June 20 the C.N.R. loaded 112,181 cars and for the period August 1 to June 20 the C.N.R. loaded 103,020 cars last year. On the N.A.R.—do you want those figures too?

Q. I do not, no. That would tend to point out the truth of the assertion I have made. It shows that the C.P.R. have provided 5,000 less boxcars in the period this year than last year and the C.N.R. have supplied 9,000 more and with that difference of 14,000 on that basis which is a relative difference, that that has resulted in an enormous difference in delivery quotas. Would you have a similar period for the year before?—A. I gave you the year before.

Q. Two years before then, for one further earlier period?—A. I am afraid I have not.

Q. Have you the total acreage, specified acreage along C.P.R. points and along C.N.R. points?—A. We will have to get it for you, Mr. Argue. The C.P.R. has more grain to haul than the C.N.R.

Q. More to haul?—A. Yes.

Q. I understand that the policy of the Board is to call out the grain for which there is a demand but looking over the wheat pool map in the western wheat producer for the latter part of May it seems to me that grades could have had very little to do in very many cases with the quotas available because almost invariably at least in the particular part of Saskatchewan with which I am acquainted, the C.N.R. show relatively high quotas and the C.P.R. points show low quotas even though the points are in the same type of soil just a few miles apart and I think the western producer agrees with that. As a matter of fact, they are the people who made the statement that this is the situation.—A. I read that article, Mr. Argue, and it was quite critical of the Wheat Board and the railway as I recall it. Grades have a great deal to do with car distribution. We went into that matter at some length this morning. The position is, however, as I have set it out that the C.N.R. have supplied more cars this year than they did for the same period last year and the C.P.R. have supplied less. In fairness to the C.P.R. within recent weeks there has been quite a step-up in their grain loadings. As I said this morning it is awfully hard to judge this situation correctly. We have another month to go in our loadings because the C.P.R. now I know are concentrating their cars into the low quota points and trying to get those points up.

Q. Why are the C.P.R. able to bring in cars in large numbers now—and I know that is correct—when they did not bring them in large numbers last fall or this winter. Mr. McIvor, you know well that the producer needs, from his own financial standpoint, to sell a reasonable amount of grain over the whole year and it is very difficult for farmers who are on the C.P.R. line especially in the southern and western portion of Saskatchewan, very difficult for them to carry on a farming situation when they have to keep wheat until almost the end of the crop year, before boxcars can come in in substantial numbers. What is wrong with the C.P.R. Why could it not do a better job?—A. Are you asking me the question?

Q. Yes. I think, Mr. McIvor, you deal with the railway companies, do you not? You have an intermediary?—A. All I can say in regard to the position is that we as a Wheat Board every day are putting all the pressure we can on the railways to get more cars into these areas and Mr. Milner is also working hard every day. We are in touch with him almost every day and as to the exact reason why they are down this year as compared to last year and the C.N.R. up, I don't know the answer. I do know this, that in spite of what is said about the same grades being on both lines that there has been a large movement of molting barley and low grade wheat and other needed grades, feed, barley and other needed grades on the C.N.R. The real congestion that exists is largely, if you look at that map, in the southwestern area of Saskatchewan where the quotas are low compared to other quotas and the wheat is largely wheat Nos. 2 and 3 Northern that we have in good supply at the lakehead, and I would like to stress to this committee again—I endeavoured to stress it this morning—but as far as the Wheat Board is concerned, and I think Mr. Argue agrees with this, nothing must be done at any time to prevent us from getting out the kind of grain that we need to be delivered into the world's market. That is the most important job we have got to do.

Q. I am not arguing against that at all, Mr. McIvor, but do I take it from your statement—I don't want to infer anything that is not there—but it was not a shortage of Wheat Board orders on C.P.R. lines that resulted in such lower quotas?—A. That is true.

Q. As I have been told by people close to the grain trade, generally speaking—there may have been one or two exceptions—but generally speaking the orders were there and the box cars were not immediately forthcoming?—A. I think in many cases that is right, Mr. Argue.

Q. So when you say nothing must be allowed to stand in the way of the Wheat Board calling out the grain of the type and grade it requires in order to make sales, that is true, but even with that overriding factor and the availability of the Wheat Board orders the C.P.R. has done an absolutely lousy job of providing box cars, and I would suggest, Mr. Chairman, that we should have before this committee an official of the C.P.R. to answer for the bad job that they have done, and their failure to supply according to the Saskatchewan Wheat Pool through the western producer a reasonable number of box cars compared to the job the Canadian National has done.

By Mr. McCullough (Moose Mountain):

Q. Mr. McIvor, has the box car situation now corrected itself where the box cars in Canada are in a favourable position as compared with American box cars?—A. I am afraid you are asking a question that should be directed to the Transport Controller. He is in a much better position to deal with that point than I. That question was raised in the house in the early spring and it was pointed out that there were about 14,000 more Canadian box cars in the United States than American box cars in Canada and that that was

one reason why the farmer could not move his grain to the elevators and consequently to the terminal points.

Q. Have you made any special representation in lieu of that situation?—A. Well, Mr. Milner is the Transport Controller and he is in touch with that situation all the time, and I think it would be much better if you directed your questions to him on that point. He is much closer to it than I.

The CHAIRMAN: He will have the figures of the number of cars in the United States as compared to Canada as it varies continuously from day to day.

By Mr. McCullough (Moose Mountain):

Q. Is there any shortage of box cars now to meet the demand at country elevators to move the grain forward?—A. Well, there are orders on hand at the country elevators. When you ask if there is any shortage of box cars, there is a substantial number of cars coming in every day to meet these orders and quotas are being raised, but when you say are there enough cars available in Canada to take care of 19 orders for example at Wishart, Saskatchewan, I would say no, but they will come in over a period of time.

Q. But there is such a thing as a reasonable delay, and one which certainly should have the attention of your department or the government, that either the Transport Controller be instructed to do something about the situation, it can be intolerable, it could be relatively good. What is the situation today? Has it improved today to where it would be in an excellent position?—A. I would say the situation has improved very substantially and the daily loadings are well up now. The daily loadings have been excellent for the last month.

By Mr. Castleden:

Q. I would like to ask Mr. McIvor—supposing you placed an order with the elevator companies, the elevator companies then allocated the shipping orders to some point, what action do you take if cars are not sent in to that particular point to fill those shipping orders?—A. Invariably we get a telegram from the local committee saying that cars have not been sent in. We give that advice to Mr. Milner and we also communicate with the railways and ask them to get cars in there immediately.

Q. Have you any authority to do anything other than ask them to do it?—A. No.

Q. None whatever?—A. No.

Q. Supposing cars are sent in to a point and then they are not allocated between the various elevator companies in proportion to the orders that are standing for grain at that point, what action can you take then?—A. We don't take any action, but the elevator companies at the point take action.

Q. You have no power other than to request the railway companies to place those cars at that point and to allocate them in proportion to the orders that are given?—A. The Transport Controller has instructed the railway companies to place the cars in proportion to the orders at the point, and as far as I know those instructions are being carried out.

Q. Well, it means he has got nothing whatever to do about the allocation of cars at that point?—A. Well, he certainly has the authority to instruct the railways to place cars in proportion to the orders because he has already done so.

Q. That power does not rest in you to order the railway company?—A. No.

By Mr. Argue:

Q. Can you tell us by what words he orders them to allocate box cars at that point?—A. I think I can read to you a copy of the order if I can find it here.

The CHAIRMAN: Are there any other questions while we find the order?

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I have a question which is relative I think to what we are discussing. It arises chiefly out of what I think Mr. McIvor said this morning in connection with the production of wheat in Canada. I think you said, Mr. McIvor, that you were not in favour of more inland storage or at least a very great expansion of that inland storage. Since 1945 when I first came to the house I have been one of many who have advocated a national policy of storage of farm commodities in respect to entertaining the idea of the ever-normal grain price achieved by storing the balance of a year's crop at terminal storage facilities at the lake head or on farms. In view of that I feel that in the present situation the farmers who are unable to deliver and who will not be able to deliver their grain at the end of this crop year should have such facilities at their disposal. There is, as you know, a penalty attached to non-delivery.

You also stated this morning, I think, that you feel we cannot expect a larger volume of grains and wheat products than we have had over the past 10 years. I think that in these matters we are all guessing. We do not know, but I feel that newer technology, developments in fertilizers and so forth may enable us to increase our grain products in this country. Nevertheless I favour the idea of the principle of storage for grain and the principle of the ever-normal price system under which at the end of the crop year the whole question will be closed up and where the farmer will either be paid as much as the farmer under the American Commercial Credit Corporation, or where a farmer will be paid either for approved farm storage of his grain or they move it into some government storage by which he will be able to have advance payment on his grain. What do you think of that situation? Do you favour a setup such as the one toward which the government is now moving in principle, either in whole or in part. In other words, the farmer now is going to be paid for some of this stored grain. Would you not think it would be an even better idea to have a program such as I have outlined inaugurated for agriculture in Canada.

Right Hon. M. HOWE: May I point out that this is a political question. Are you in politics, Mr. McIvor?

The WITNESS: Sometimes I wonder, Mr. Minister. I do not know that I can answer that question.

By Mr. Quelch:

Q. What is the main factor limiting your ability to establish a seven bushel quota between now and the end of July? Is it orders or box cars? In other words have you at the present time enough orders to get a seven bushel quota right through?—A. If we have not, we will have.

Q. Is it chiefly a matter of box cars?—A. The limiting factor would be your ability to load the grain in the country in box cars plus your ability to move it through the terminal facilities so that you would not congest the terminal facilities. What I mean by that is the ability to get the tonnage and move it from eastern ports or out of Vancouver in ocean-going boats. Certainly it will not be for any lack of orders.

Q. You mean shipping orders?—A. Shipping orders in the country.

By Mr. Argue:

Q. At the local points—I take it that is without exception.—A. The only exception to it at all would be if we had grain at a local point which we felt would congest the terminal and could not be sold, but in general I think we have orders ahead on all loadings at local points at the present time.

Q. It is a job for the railway companies now—it rests with them to see how high the quota can, in fact, go?—A. It is a job for the railway companies, plus the ability to move the grain through the terminals and keep the flow moving. I did say this morning—and I would like to repeat it again here this afternoon—what we want to do is to keep both railway facilities—C.N.R. and C.P.R.—working at full speed. In other words it is not going to gain anybody anything with the C.P.R. if we were to cut back with the Canadian National. As I mentioned earlier, and I do not think there is any disagreement on that point, we want to move the grain forward—the grain that can be sold—whether at low quota points or high quota points. Those are the two points which I wished to mention.

By Mr. Castleden:

Q. Would you say that the export sales and the sales of grain within Canada are sufficient to give us that eight bushel quota this year?—A. I am not going to get into that. We discussed that whole thing this morning. We were foolish enough last year to say to the minister we could take an eight bushel quota but I must confess we did it largely under pressure and based on the information we had from the elevator agents; it seemed we could do it quite easily but it turned out in July that we needed 12,000 more box cars in order to do it. So I would rather not be put into that position again, Mr. Castleden.

Mr. McCULLOUGH (*Moose Mountain*): I would like to ask one or two further questions, this time, perhaps, without a ministerial interjection.

An hon. MEMBER: From a non-member of the committee.

The CHAIRMAN: Maybe you could ask them of the minister.

By Mr. McCullough (Moose Mountain):

Q. I cannot say for certain whether Mr. McIvor was stating a personal attitude or opinion this morning but I recollect him saying something to the effect that he disfavoured further inland storage—I presume he meant off-terminal storage. I think he used words to the effect that these places would be of little use, except to small boys who will go there to break windows, or something like that. Is it not true that if we could provide proper inland storage, storage which would ensure very little deterioration, we could perhaps as I intimated earlier bring in a program of the ever-normal price? I think that in the United States they have come to the conclusion that at least for the immediate future the only way they are going to get protection is by means of a soil bank and taking a lot of land out of production, land that has been under grain production for the past few years. They are paying the farmers something like \$10 an acre, I hear, but we have no program like that and it is up to the farmer to do his own planning. Would it not be possible for the government to set up these inland storage facilities so that we could during the good years store up for the years which you intimated this morning might lie ahead—the scarce years which are sure to follow—and then by that means we could plan our grain deliveries and international sales on the basis of having a commodity which we can guarantee to our potential buyers over a long period; where we could enter into long-term agreements having an assurance we could deliver the amount and kind of grain we undertook to deliver.—A. I do not know exactly what you mean by inland storage. For example I think we certainly should have some wonderful Macdonald Briar curlers the next two or three years from the number of skating and curling rinks being built in Western Canada to store grain—Are you thinking of buildings in the form of a terminal elevator such as you have at Moose Jaw.

Q. That is what I was thinking of.—A. The position in regard to these is, of course, that it costs money to put grain in and out of a terminal elevator. It does not cost any more to store it there—as a matter of fact they store it at a little less—but in the year when you have fairly reasonable supplies and no big surplus people do not put grain into inland storage; they move it to the terminals and get into position to send overseas. These facilities have been very useful in the past few years since we experienced these big crops and big carry-overs and we have used them, as you know, to capacity, but I just wonder if we have not reached the saturation point as far as these inland storage facilities are concerned. We will undoubtedly run into years when these facilities would be running completely at a loss as happened in the past.

By Mr. Quelch:

Q. Have you any idea how much wheat is being stored in temporary storage, that is, storage at local skating rinks, curling rinks and such places? —A. I don't know; it is a great deal; I could tell you that.

By Mr. Castleden:

Q. Have you any figures as to the amount of grain before 1954 which is still on the farms?—A. No, I do not.

Q. A retired man came to me with regard to a problem he had. He had to retire from farming in 1952 but he still has 5,000 bushels of grain at home which he is unable to sell. He is unable to sell any of it and he will just have to wait until the situation clears and there is a shortage of grain, I suppose. —A. Mr. Davidson has some information on that, Mr. Quelch.

Right Hon. Mr. HOWE: There is a memorandum which I have received on this subject.

MR. DAVIDSON: It is the same as I have here. There are several categories of carry-over grain on farms. Would you like me to run over the various groups, Mr. Chairman? The first problem we have concerns estates. An estate has been created and wheat or grain has been left.

Until recently, where it was shown in the application that the amount of grain owned by the estate did not exceed 1000 bushels, a special permit was granted authorizing the delivery of the total amount during the 1955-56 crop season as space became available at the applicant's delivery point.

In dealing with quantities in excess of 1000 bushels, the permit was worded to allow the delivery of 1000 bushels applicable first of all to the delivery of oats, barley or rye; the balance over 1000 bushels to be delivered within authorized quotas on a specified acreage equal to the specified acreage the applicant enjoyed in the previous crop year. Producers who have sold their land and who do not have access to 1955-56 delivery permit books or have otherwise ceased to farm.

On receipt of properly completed applications from producers who have sold their land and tenants who have terminated their leases and do not have access to a 1955-56 permit book, we grant them special permits enabling them to deliver the initial quota of 300 bushels of wheat or 800 bushels of oats or 500 bushels of barley or 500 bushels of rye with the balance of their grain to be delivered within the authorized quotas on a specified acreage equal to the specified acreage which they previously enjoyed in the final farming year.

Producers who have reduced their land holdings.

Applicants who have been able to show that they are farming less land during the 1955-56 crop season, than in the previous crop year, have been granted special permits on the following basis:—

1. When the amount of grain involved does not exceed 1000 bushels, they have been authorized to deliver their grain, subject to space being available.

2. Where the amount of grain exceeded 1000 bushels a special permit was granted to allow the delivery of 1000 bushels of grain on the understanding that preference would be given to the delivery of oats, barley or rye on hand. Secondly, a special permit was granted showing a specified acreage based on one-half of the difference between the total specified acreage which the applicant formerly enjoyed and the total acreage in which he had retained an interest or continued to farm against which he is entitled to deliver under the authorized quotas as announced for his delivery point from time to time during the season but excluding the initial quota.

The Board recently authorized the following supplementary quota by producers in the categories mentioned above.

1. At delivery points where the quota has not yet been increased to 6 bushels per specified acre, permission to be granted to applicants of record to deliver 1000 bushels of wheat or in the event only coarse grains were being held, permission to be granted to deliver the total amount, subject to space being available at the delivery point named.

2. Where the applicant's delivery point is on a 6 bushel quota or higher, he is authorized to deliver the balance of his carried over grain on hand, subject to there being space available and on the understanding that such deliveries will in no way interfere with the deliveries of the other permit holders at the point.

Now, in these various categories we made a check recently and according to our records as based upon the applications we have received, the total amount of grain outstanding in all these categories combined is 701,000 bushels and I would say under this provision the larger part of that would be gleaned by this year.

Mr. NICHOLSON: I could not hear Mr. Davidson in full, but did he discuss the problem of the landlord who gets a share of the crop? Most of the landlords get one-third of the crop per year. I would like to raise the case of a landlord who has been paying his share of the fertilizer and spraying and receiving one-third of the crop. He has not received his full one-third of the 1954-55 crop and none of the 1955-56 crop. This landlord is not starving at all but he does have to pay his taxes of about \$200 a quarter on the land and he cannot indefinitely continue to pay his share of the fertilizer and spraying if he is not going to get some cash return. Is there any provision for this type of landlord who has got into a position where the tenant cannot deliver his share of the crop out of the quota?

Mr. DAVIDSON: No. In that case the landlord is a producer under the Canadian Wheat Board Act and the permit book is issued on the basis of the farm. The share which the landlord or the tenant delivers is a matter of arrangement between the landlord and the tenant and we do not interfere with the arrangement between them.

Mr. NICHOLSON: But the landlord prefers to have his share of the crop paid, in the new year after harvest it so happens that the tenant has not been able to deliver his share of the crop.

Mr. DAVIDSON: I do not see how that is a problem for the Canadian Wheat Board.

Mr. WESELAK: In most cases the deliveries are split.

Mr. DAVIDSON: Yes.

Mr. QUELCH: Where the land is sold under a crop agreement like one half the crop, do you only deal with the one who operates the farm?

Mr. DAVIDSON: The permit book is in the name of the operator of the farm, and the share of the landlord and tenant is a matter for arrangement between the two.

By Mr. Argue:

Q. I would like to ask a question on the matter of off-site storage. I take it that the policy now is to refuse to license off-site storage or to limit it as much as possible?—A. The policy is to discontinue the licensing of off-site storage. We discussed the matter with the Board of Grain Commissioners and the two boards were fully in agreement. The thing has got completely out of hand and there are grave risks involved in continuing with this type of storage. It is always assumed when you have the storage of grain that the grain is stored in facilities from which it can be readily shipped in the case of difficulties. We have heard some reports that some of this grain is going out of condition and while that is the responsibility of the elevator company concerned, we feel in the general interests of shipping of good quality grain abroad and of sending it to our own domestic markets that we should not at this point encourage a poor type of storage.

There have been, as you know, millions of bushels of that type of storage licensed and we have gone to the Board of Grain Commissioners and we have assured the Board of Grain Commissioners that we feel we have gone far enough in the licensing of off-site storage.

Q. Is there any move on the part of your board or that of the Board of Grain Commissioners to refuse to license an extension of on-site storage?—A. No.

Q. The extension of annexes?—A. No.

Q. It is pretty arbitrary to say that on-site storage we will consider, but off-site storage we won't. I do not think the site should have too much to do with it. After all, if the bin is a thousand feet away from the elevator or outside the town limits, it is considered to be off-site; but it is just as easy to haul grain one thousand feet with a truck and to put it in an elevator as it is to turn around at the elevator and haul it out of an annex by truck. It seems to me—and I would like to know—that the loss of grade, the loss of value of the grain in the annexes is probably larger than the loss in off-site storage where the off-site storage is small buildings, which will hold two or three thousand bushels; it seems to me that off-site storage of grain provided the type of storage supplied is constructed properly is safer than with 25, 30 or up to 40,000 bushels or more in an annex.—A. Most of them are not small buildings; they are big skating rinks or aircraft hangars or something of that kind. I shall be quite frank with the committee and say that I am very fearful about what is going to happen when that grain is loaded out. I do not know what the ultimate result will be.

Q. I do not want to relate my remarks to airport hangars or something that might happen to one-half million bushels, but is there anything wrong with 2, 3, or 4,000 bushels in a bin properly constructed being licensed? Isn't that grain safer in that type of bin?—A. I would imagine it would be but I do not know how you could deny a licence to a man with a large building if you permitted a licence to a man with a small building. I think, myself, if you would talk to some of the people in the elevator business, particularly to the pools, that you would find they are very relieved at the action of the board in connection with off-site storage.

Q. I will not dispute that, but it seems to me when the producer is paying the shot that the decision as to whether any building should be licensed or not should not really be based on whether it is off-site or on-site; or whether or not it is owned by an elevator company but it should be decided on the sole basis, or governing basis as to whether the grain will keep in that building, whether that grain is readily available for shipment, and the off-site factor should not have anything particularly to do with it.—A. I think it might be better if you said “When the producer is paying the shot up to a point” because under the latest arrangement part of the carrying charge is being paid by the treasury. But in general, we feel that in the storing of grain that it certainly is intended if not spelled out in the Canadian Wheat Board Act that grain should be stored in facilities in which the grain can be readily made available to the board, and that is not the case in regard to a good deal of the off-site storage.

Q. I do not wish to argue with you, but I still think that the smaller type of off-site storage, the grain is safer in it than it is in some of the annexes of which we see so many when travelling around the country, in which the grain is spoiled.

By Mr. Quelch:

Q. How long is the off-site storage licence good for? There are many cases where the grain elevator companies have rented a building for three years; would the licence extend to the end of those three years?—A. The licences are renewed from year to year, but the Board of Grain Commissioners who license the company would review that off-site storage; it has to be approved in the first place by the two boards as being continuing storage, the same as with on-site storage.

Q. They would not be required to move that grain into an elevator?—A. No.

By Mr. McCullough (Moose Mountain):

Q. Should not the problem be solved by requiring approved storage of some sort which would meet the requirements of the Canadian Wheat Board?—A. I think we are getting back to the question of terminal storage and I do not think there is anything more I can say on that subject other than what I have said.

The CHAIRMAN: Are there any more questions?

By Mr. Zaplitny:

Q. Relating to the question of inland storage, has the board run into this situation in the last ten years where at some time during the year orders are available, the grain is required, but it cannot be delivered to the country elevators due to the lack of transportation facilities; the roads are blocked? Has the board been in a position where they required grain of a certain grade or kind and the grain was on a farm but it could not be delivered to the country elevators, and that created a temporary shortage?—A. No, I do not think we have been on that; you say in the last ten years? I cannot recollect our being in that position in the last several years at least; but what we have done in that case is: once the grain is not coming in from the country, the specialized grain, we put in a supplementary quota which would enable delivery of the grain, if not at that point, then at others.

By Mr. Argue:

Q. Mr. McIvor, you said earlier that there was no lack of complete wheat board orders at various marketing points holding up the distribution of grain between now and the end of the crop year, or preventing the increase of the

quota to 7 bushels.—A. I beg your pardon! I did not say that it would prevent increasing the quotas to 7 bushels. I thought I was being very careful at that point!

Q. Did you not say—and you may correct me if I am wrong—that orders would be available for increasing the quotas, and that it was simply a matter of the physical transportation?—A. If you stopped at the word “quota” I would go along with you.

Q. Oh; didn't the orders follow?—A. No. You are adding something new there. What I said, if I may say so, was this: I made it very clear this morning—and I think I did to Mr. Castleden this afternoon that we would not on any account say that we could take 7, 8, or even 6 bushels or any other figure. I said this morning that I had talked about this matter at five farm meetings, and about what had happened last year, and I am sure that the delegates were all in agreement—or at least the bulk of them were—that we should not attempt to announce what we were going to take. In regard to shipping orders, our orders are now into points where the quotas are low and we have not got those quotas up. In addition to that, Mr. Argue, there are orders at other points where the quota is high and but where we are required to get out special types and kinds of grain.

Q. On the assumption that box cars are available—they may not be available but let us assume they are—I thought you said that the availability of shipping orders would not be a factor to prevent the seven bushel quota being hauled out.—A. I am sorry; I did not say that.

Right Hon. Mr. HOWE: You will be coaxed into saying it if you are not careful.

The WITNESS: I am not going to be coaxed into this.

By Mr. Argue:

Q. To what extent do you feel that orders, apart from box cars, will be available for a seven bushel quota?

Right Hon. Mr. HOWE: Could you not say that there will be orders available for every box car that turns up at any elevator in the prairie provinces.

By Mr. Argue:

Q. That is exactly what I thought Mr. McIvor said.—A. I say this: that as far as we are concerned—I am speaking of the Canadian Wheat Board now—we will provide orders so that all the grain can be shipped that the railways can carry.

Q. All right. Is it correct that during the present crop year, to date, that shipping orders have been available at the low delivery points but there has, in effect, been a shortage of box cars?—A. Shipping orders have been available at the low delivery points, yes.

Q. Then it seems to me that it follows from that that the box cars that are made available are in fact the governing factor, that the railway companies are in fact deciding the quota by the amount of box cars that are available, and when we come to July 31 if there are points—and I hope there are not—that have not a seven bushel quota or have not had an opportunity to deliver a seven bushel quota, it will not be because there have not been orders from the Canadian Wheat Board in excess of box cars but because there have not been box cars?—A. I am going to review the seven bushel quota which I have been trying to do since we started this discussion. What I said earlier—and I will repeat it—is this, that we will have orders with the railways at all present low delivery points. The amount of grain that can be moved will depend on the amount that can be loaded at those points. Coupled with that

is ability to keep the terminal clear and the lake boats going. I cannot say any more than that.

Q. Then the low delivery points, in southwestern Saskatchewan and other places, are there because there have not been box cars this current year.

Right Hon. Mr. HOWE: Let us not try to simplify his answer. He also said one of the reasons was that the grade of grain at certain elevators was not readily moved into export.

By Mr. Argue:

Q. I do not think that has been a limiting factor on the quota?—A. It could be.

Q. I feel very very strongly that there is great advantage in having an equalized quota so that all producers in the prairie provinces have the same chance to deliver the same quota. I would prefer a five bushel quota, where every producer had a chance to deliver a five bushel quota to a larger one if it resulted in many producers being kept on a smaller quota.—A. I do not want to put words in your mouth—that is the last thing I would attempt to do—but when you say you would prefer a five bushel quota that means that you would be willing to pass up some business in the sale of our grain.

Q. No. If you had six bushels then, tell me where you might have lost a sale?—A. You can take six or seven and it would not be wise or in the interests of the producer, in my opinion, to limit our sales because a quota at a certain point is six, seven or eight bushels, or whatever you want to call it. If you are going to limit it at this five bushels, you would do that.

Q. If you limited it to six bushels, would you have lost sales?—A. You could.

Q. You do not know whether you would?—A. You could. It is exactly the same principle. I will give you an illustration. Supposing you had an opportunity to dispose of some malting barley, which is delivered over and above a certain quota from a certain area to the United States and there is not enough malting barley back on the farms to come in and take up the space of the malting barley which you shipped out, by accepting those orders and selling that malting barley you find that there is enough space at that point to take seven or eight bushels and are you going to leave that point at five bushels and at the same time prevent the man delivering grain to that point?—

Q. If you are asking me I would say that I would prefer to have the quota at that point less than the amount that could be delivered under the set of circumstances which you have outlined, but at such a point towards the end of the crop year I would consider the practicability of declaring it an alternate delivery point.—A. That is what we are going to do.

Q. This is my feeling, that I think if it accomplished equality it would be preferable to have a lower delivery quota and use the method of declaring an alternate delivery point if necessary, to fill the space and where the board needs additional grain, malting barley, and so forth, to use special quotas on special rules.—A. That is what we are doing, but we are still creating space by doing it. The barley moves out, and I would take it by your remarks that instead of having 378 million bushels of wheat in store in Canada, you would be willing to have 278 million.

Q. No, I do not think that follows at all.—A. Well, 358 or 348.

Right Hon. Mr. HOWE: Suppose that you had a big crop in the territory served by the Canadian National Railways and a poor crop in the territory served by the Canadian Pacific Railway, would you stop the C.N.R. delivering grain when they got up to the quantities that the C.P.R. could deliver?

By Mr. Argue:

Q. I have yet to see crop failures that followed the railway line. The box cars have been allocated or made available on that basis.—A. I might say, Mr. Chairman, I think I have said just about everything that I can on this subject. We discussed this matter with our advisory committee, and they do not agree with you in respect to your position.

By Mr. Mang:

Q. Who are the members on that advisory committee?—A. Mr. Plumer, Mr. Brownlee, Mr. Wesson, Mr. Hanson, Mr. Marler, and Mr. Parker.

By Mr. Argue:

Q. They do agree with the statement I made as to the quotas available at certain points because I was quoting from them.—A. I was referring to our recent discussion and I took it that the opinion of the advisory committee was that we should permit the delivery of as much grain as can be delivered from this crop.

Q. No one is objecting to that.

By Mr. Weselak:

Q. If you were compelled to follow Mr. Argue's suggestion you would be compelled to move into position grain for which you did not have sales? —A. Yes, one or the other.

By Mr. Argue:

Q. You are going to have alternate delivery points?—A. Yes. There should not be any difference of opinion on that point. The board are attempting, as far as they can, having in mind the conditions I have mentioned here, to get the greatest amount of equality at the delivery points in western Canada. That is what we are attempting to do.

Q. That is what I am after. I have a further question which is slightly different. I would like from you an outline of how board orders originate, how they are allocated amongst elevator companies and how box cars are distributed following the allocation of those orders?—A. I do not think there is any change in the situation since the last time we met on that question. I do not mind reviewing it again. On the grain that is called forward by the Canadian Wheat Board each one of the companies is given an over-all percentage of the orders.

By Mr. Blackmore:

Q. By companies?—A. Yes.

Q. That would be by elevator companies?—A. The elevator companies, Mr. Blackmore, yes. The orders that are given to the elevator companies are over-all orders for certain global quantities. The companies themselves apportion the orders to the various country points. If the cars are presented on those orders, those orders are filled from the various country points.

By Mr. Argue:

Q. Does the percentage of over-all orders or over-all allocation vary from time to time or is it a general percentage allocation?—A. It could vary during a crop season, but our general objective—and I think we accomplish it—is to work towards a certain percentage by the end of the crop year for each company.

Q. Then the company itself allocates its own orders?—A. That is right.

Q. More or less among their elevator houses at the different marketing points?—A. That is right.

Q. I do not think we had the transport controller's order placed on the record. What happens after the orders are allocated among the various elevator companies at a given point?—A. This is the "Instructions to the Trade, No. 12". It is an instruction issued by the Canadian Wheat Board but it incorporates instructions of the transport controller. It was issued on February 13, 1955.

The attention of all companies is directed to Circular 238 issued by the Board of Grain Commissioners under today's date reading as follows:

Having been advised that licensees of country elevators are not owners of wheat, oats and barley stored in their elevators and purchased from producers for Wheat Board account, the board therefore directs that applications for cars in the car order book will not be accepted from licensees or agents of such elevators for wheat, oats and barley which have been purchased from producers.

Any application made for a car to ship wheat, oats or barley, which grain after delivery to the elevator has been purchased for Wheat Board account, will automatically be cancelled.

Companies are advised that they should immediately instruct their country agents that, as they receive authority from the Canadian Wheat Board to ship wheat, oats or barley for account the board, they should immediately apply to their local railway agent for sufficient cars to enable them to complete such authorized shipments. The same procedure should be followed in connection with car requirements for the shipments of malting barley delivered by producers under special over-quota permits and for the shipment of rye and flaxseed as authorized by the board.

In this connection we would advise that the railway companies have been instructed by the Transport Controller that cars for the shipment of grain authorized by the Canadian Wheat Board are to be supplied in proportion to the Wheat Board orders approved for the point.

As far as I know that general instruction has been followed by the railway as far as I am aware.

Item agreed to.

Item No. 6, "Shipping policy".

The WITNESS: I think that we have covered most of that.

Item No. 7, "Handling agreement".

By Mr. Pommer:

Q. Mr. Chairman, on that, I would just like some clarification. We hear a great deal—at least I do back home—on diversion charges. Now, diversion charges on grain shipped or diverted to interior mills, maltsters or other processors—those diversion charges are paid by those various people, are they not—by the maltsters and interior mills and processors?—A. Yes. Diversion charges are a part of the handling agreement. On grain shipped to interior mills, maltsters, or other processors, the diversion charges are paid by the purchaser, or the man who receives the grain. In connection with wheat, or grain shipped to the interior terminals, or to Fort Churchill, or Prince Rupert, the diversion charges are paid by the Wheat Board. Now, the reason for that is simple. We sit down every year with the elevator companies and try to make the best contract that we can. We have tried every year to get them

to waive the diversion charges to Churchill and Prince Rupert, and to the interior terminals, and I regret to say that we have not been successful.

Q. In respect to Churchill, I think probably Mr. Wesson, less than two years ago, explained the diversion charges. In my opinion he justified them; because your carrying charges, your storage charges were so much less than at the terminals—Fort William, for example.—A. Their argument is that this grain does not go to their own facilities, or they do not get any earnings on the grain at the terminal facilities. As their country facilities and terminal facilities are intermarried they must have some revenue from the terminal facilities.

Q. That is why I raised the point. I was just not sure.—A. Yes.

Q. Does that same condition that applies to Churchill apply to Prince Rupert?—A. And the interior terminals.

Q. In the interior terminals.—A. But in the event of our reshipping the grain to the main terminals from the interior terminals, and that grain being handled by the main terminals, then there are no diversion charges paid, except in connection with tough grain or grain with overdockage, or something of that kind.

By Mr. Quelch:

Q. Can you justify the diversion charge when their storage facilities are already being used to capacity?—A. As I say, Mr. Quelch, it has been a question that we have debated with the companies for a number of years. I think it has come up at every one of these committee hearings. The Board, of course, would be delighted if they would be willing to waive the diversion charges. But even the producers' organizations are not prepared to do that, and if they are not prepared to do it, I do not know how we can influence the private companies to do it.

Q. I should have said, "Could they justify it", because you were at their mercy to some extent. I cannot see how they can justify it when their storage capacities are being used to the fullest extent.—A. We have used all those arguments, I think, Mr. Quelch.

Right Hon. Mr. HOWE: The grain companies pay diversion charges to each other. For instance, if one terminal at the lakehead is full up, some other operator is always willing to pay diversion charges to have the grain shipped to his elevator, unless the whole terminal area is plugged.

The CHAIRMAN: Mr. Wesson's point on that particular question was that in view of the very low rate, at least what they considered a very low rate on storage that they were charging in comparison to other terminals at Churchill, say, that he felt that if they had to do without the revenue of the diversion charge that they would have to up their rate for storage at these particular points, and that in the final analysis the farmer might lose in the bargain rather than gain. That was the point he made at the time.

Mr. POMMER: That only applies to Churchill according to Mr. Wesson.

Mr. TUCKER: As a matter of fact this comes up at the meetings of the producers and the pools, for example. Every time it comes up the officials of the wheat pool justify this to their own producers, so I do not know why it is criticized here all the time.

Mr. QUELCH: So far as the pool is concerned it comes back to the farmers, but so far as the line elevators are concerned it does not come back to the farmers.

Mr. TUCKER: If the committee of farmers are satisfied with it it is hard to expect anything else to be done about it.

The CHAIRMAN: Carried?

Item agreed to.

Number 8, 1954-55 pool account—wheat.

The WITNESS: There is really no comment necessary on that item.

Mr. ARGUE: Mr. Chairman, this is a very large section we are coming to.

The WITNESS: I beg your pardon?

Mr. ARGUE: This is a very large section of the report we are coming to, listed under 8.

Mr. ZAPLITNY: Mr. Chairman, a question on item number 8. I notice in the tables showing the receipts by months from August 1, 1954 to July 31, 1955, the first month is August, 1954.

The CHAIRMAN: Would you speak a little louder please?

Mr. ZAPLITNY: My question was in regard to the table under item 8 showing receipts by the Board of grain from the first of August, 1954 to July 31, 1955, at the top of page 5.

The CHAIRMAN: Yes.

By Mr. Zaplitny:

Q. The first month being August, 1954, shows not. Could we have an explanation on that? There must be some simple reason for it.—A. Yes. Mr. Chairman, we delay fixing our initial prices until such time as we get an idea of the pattern of the crop, because it gives us a chance to size up the pattern. In the meantime wheat is not purchased in the country. Advances are made on it, and it does not actually come into the Board receipts until September.

Q. In other words this was a book entry then?—A. Exactly.

Q. It is not the final thing?—A. The grain is delivered but settlement is not made until later.

Q. Yes.

Mr. NICHOLSON: Mr. Chairman, on this section there is quite an interesting section on the International Wheat Agreement. When we were discussing the international situation this morning it was suggested that probably we might wait until we reached this section for further discussion.

Mr. McIvor mentioned the fact that subsidy is a factor in some of the countries. He mentioned France. France some years ago was an importer, but the last year, for which I have statistics, France exported about 60 million bushels of wheat for which it paid a subsidy of about \$1.61 a bushel, as I recall it. I notice in the last issue of the Canadian Federation of Agriculture from the United States information bulletin they give a long list of countries where the price is over \$2 a bushel. There are a few countries, including Canada, where it is under \$2 a bushel. I wonder if Mr. McIvor would make some comment about what competition we are likely to have in the future. I know it is hard to forecast accurately. It is a matter that the Wheat Board would have to give some consideration to when the European countries, for example, are using funds that normally would be considered defence funds for the production of cereals—Great Britain, for example, I understand is earmarking quite a large per cent of their defence budget to increase cereal production at home, so that in the event of a war it will not be as dependent as they otherwise would be, on the overseas shipment.

I imagine that a number of these countries are in the same position; Switzerland, for example, is paying \$4.03 per bushel for wheat. I am sure they can buy any Canadian wheat delivered in Switzerland for a great deal less than that. It would seem to me that if these countries are going to tie up their cereal production to their defence program, we in Canada are going to leave it up to our farmers to provide storage. I think the figures we have

last year show that the farmers delivered eight bushels per acre. This year, owing to large bumper crops, the amount that the farmer is going to deliver will be down a good deal. Now, I do not see how Canadian farmers are going to survive if the farmers of the world are going to depend on their own resources, and wheat has to be sold in competition with these other countries.

Would Mr. McIvor say something about the subsidy as a factor in the increasing production, particularly in the European market?

Right Hon. Mr. HOWE: There is one statement you made which indicated that wheat delivered last year was in larger quantity than the wheat delivered this year. There will be much more wheat delivered this year than last year.

Mr. NICHOLSON: Last year the period for delivering the quota was extended. I indicated there was a much bigger crop in the current year and I gather there will be a very large amount of grain left over on the farms that the farmers are not going to market in the foreseeable future.

Mr. ROBERGE: How will that compare with the area cultivated?

By Mr. Nicholson:

Q. I wonder if Mr. McIvor can say something about the general problem as he sees it, particularly in the European market?—A. Frankly, I think as far as European wheat production is concerned, it is a very strong political issue over there. France, for example, I cannot conceive of why France should attempt to export 65 or 70 million bushels of wheat a year on which they have to pay \$1.60 a bushel subsidy, as you say. It does not seem to me to be sound policy, but, on the other hand, they have embarked on a policy and it has become a very important political issue in France.

The same can be said about most of the other European countries. As to the effect of that policy, France which was a large exporter last year would be a net importer this year.

Q. Well, the bad weather they had in Europe was a big factor.—A. Well, I said, for example, France which was a large exporter last year and which will be a net importer this year due to their small production on account of the bad weather. But in general my impression of the wheat in Europe is that it is a very important political issue in most of these countries and while it might differ in detail and while it might differ in the amount of the subsidy paid, nevertheless the production of wheat under a subsidy is a very important factor as far as the political situation in each individual country is concerned. There is no doubt that most of those countries can buy wheat from elsewhere cheaper, but they feel apparently that it is advisable to pay a higher price at home and maintain these lands in production but much of the land is not too economical for the production of grain except at these high prices.

Q. My information is that in Great Britain, for example, the treasury people there would prefer to have more Canadian wheat bought which is a better quality and lower in price but defence, I think, is anxious that every last acre be under cultivation and the defence authorities have the final word and they are spending a much larger amount on subsidies in the United Kingdom to satisfy defence than they would be if they were considering it from a strictly economical point of view. Is there any comment on that?—A. I think the United Kingdom policy is rather an over-run from the days of the war when they paid high prices to encourage production at home and established a set pattern in that country. I believe that there cannot be much change in that in the near future. I would say, however, if it had not been for their home production that chances are they could not have survived during the war. It is true they imported tremendous quantities and yet their home production was a very important factor in their survival.

By Mr. Pommer:

Q. Mr. Chairman, I notice page 6 refers to the purchase of wheat from other than producers—from whom other than the producer does the Wheat Board purchase wheat —A. Some of it relates to the statement that Mr. Davidson made where wheat was taken and the identity is lost and the man is not recognized as a producer under our act.

Q. I notice 578,296 bushels?—A. I do not know if you are referring to the statement on wheat otherwise than required.

Q. Other than from the producer on page 6?—A. Those are largely elevator overages.

By Mr. Harkness:

Q. Mr. Chairman, under grade patterns, I note there is 107 or 108 million bushels which are non-millable grades, 5 and 6 feed and other grades. I think you set it at 31.1 per cent of total receipts. How much of that were you able to sell and how much of it did you have to turn over to the succeeding pool? —A. Do you mean how much of it have we sold in this present year?

Q. Yes, how much of it were you able to sell in this 1954-55 pool period and how much did you have to turn over to the new 1955-56 pool?—A. It was practically all sold, Mr. Harkness.

Right Hon. Mr. Howe: All of it was sold this year but I think there was quite a carry-over last year?

The WITNESS: Mr. Harkness, we are getting into the supplementary report now. I do not know whether you want to move into that or not but it gives the information as to the amount of low grade wheat transferred.

By Mr. Harkness:

Q. Where is that found?—A. Page 1 of the supplementary report, but I would point out that if you would refer to page 8 of the supplementary report, the second last paragraph, it says:

The 1954-55 wheat pool contained 106 million bushels of No. 5, No. 6 and Feed wheat, including a small volume transferred from the 1953-54 pool. When the pool was closed on May 4th, 41 million bushels of these grades were transferred to the 1955-56 pool account. Of these 41 million bushels, 30 million bushels consisted of priced open sales contracts.

Now, since that time practically all of the wheat of those low grades has been disposed of.

Q. That is, since you made the turnover into the new pool?—A. Yes.

Q. Now, I asked the question particularly because one of the chief criticisms or complaints that I have heard from farmers was that the amount of this carry-over has for two or three years been one of the main things clogging the general line of the elevators and transportation facilities and so on and thus preventing deliveries. I take it from what you have said that that statement if it ever did apply no longer applies?—A. I think it was overdone, Mr. Harkness, if I may say so. It was not as serious as that but it certainly does not apply today because on several of our low grades we have got to anticipate deliveries from the country in order to fulfill our sales for future position.

By Mr. Nicholson:

Q. Mr. Chairman, when we were discussing United States this morning it was suggested we leave further discussion until we reached the section in the report and I find it is quite an interesting section on page 9. I note

that when Mr. McIvor was before the committee last year, on May 24, he was asked about the attitude of the board to these different policies that were being carried out in the United States and Mr. McIvor made a report on page 66 of the evidence as follows:

As a representative of the Canadian Wheat Board I have gone personally to Washington and talked to the key officials down there and told them in my judgment this program was having a serious effect on commercial markets. I must say I did not obtain any substantial results. I think they see the position but they have a Congress in the United States who are pressing them apparently to dispose of these surplus commodities under these various plans in order to relieve the congested position in the United States.

I wonder if Mr. McIvor could bring us up to date on further visits and further discussions and further conclusions?—A. Yes Mr. Chairman we have an inter-country committee now on which Mr. Sharp, the Minister's deputy, is a senior member. I am a member of the committee and sometimes other members of the board—we have had four meetings with the American officials and I think I can say Mr. Minister that we have done a lot of straight talking down there; we have pulled no punches. I cannot measure the effect of those meetings but I cannot help but feel that they have had a restraining influence. It is like a tug-of-war there; you have Congress on one side pushing the officials to dispose of more grain abroad and you have friendly countries such as Canada "getting after them" when they take our markets. But we have had these four meetings I understand it will be a continuing committee, and I think it is very advisable to have these meetings at which we can inform them what we think of some of the transactions that are carried on. I think they have a great deal of sympathy with us but on the other hand Congress has voted a huge sum of money and they are carrying out to some extent the instructions of Congress.

By Mr. Argue:

Q. Mr. McIvor, when you meet the American committee—the counterpart of your committee—do I take it that it is a committee of the American administration only—I do not know that—or does it have on it representatives from the Senate and the House of Representatives?—A. No, they are just officials of the United States' Department of Agriculture and the State Department.

Q. Since the American administration is, I take it, only carrying out the laws provided by Congress might not something be gained by having on it the chairman of the senate agricultural committee of the United States or some of their representatives who are making the law?—A. I think I can say personally that nothing would please me more, but I do not know how you would bring that situation about.

Q. I do not know how you would get them there, but have you ever explored that possibility?

Right Hon. Mr. HOWE: How would you like to have a member of the United States Congress come to Canada and tell us what to do?

Mr. ARGHE: Well, we have Mr. McIvor tell us he had pulled no punches.

Right Hon. Mr. HOWE: He is talking of administration officials, though.

The WITNESS: I think that is our duty, Mr. Chairman. It is no use arguing down there and being a lot of milquetoasts. If we feel something is wrong we shall say so.

Right Hon. Mr. HOWE: All we have tried to do is to get the officials to keep within the intent of their own laws.

The WITNESS: That is right.

By Mr. Mang:

Q. Have you ever suggested that we should follow their plan of operation in wheat marketing?—A. They have not gone that far.

By Mr. Castleden:

Q. Have you figures of sales to Poland or Soviet Russia?—A. I gave them this morning.

The CHAIRMAN: They went on the record this morning.

Mr. CASTLEDEN: What does that make the total sales this year—including them?

The CHAIRMAN: That is going beyond—

By Mr. McCullough:

Q. Getting back to the former discussion, namely the visit of the delegation from Canada to the United States in order to talk over disposal policies for wheat down there, I have before me a report in the *Winnipeg Free Press* in connection with some of these meetings which does state, as Mr. McIvor has told us, that they speak very plainly to the American officials. The question I would like to ask is this: under the American disposal program for farm commodities—we are dealing here specifically with wheat—is it not true that under this American system of subsidy the farmer does get closer realization of his cost price, and parity than the farmer in Canada who has not been subsidized on his wheat sales?—A. He is not affected at all by the American subsidy. He gets the loan price whatever it might be.

Q. As far as the farmers in the United States are concerned, dealing specifically with wheat again and the subsidy paid to the wheat producer in the United States, they are sharing in a program which gives them a degree of parity under the subsidies plan, whereas in Canada we have been selling our wheat at world prices and there is no domestic price to offset this and no wheat subsidy to help pay the costs which the farmer has to meet. Consequently when it is so often intimated that this policy in the United States of support prices is a cost to the nation, yet that same cost must be acknowledged to be borne by the Canadian farmer when we are disposing of our surplus in a situation where a farmer's costs of production and his receipts have shown such a tremendous disparity, and I think that while the treasury in the United States is spending money on its support plan the only cost to the treasury here under Canadian policy is that being paid for some storage of Canadian wheat—is that not true?—A. That is quite a long statement. I do not know which part of the statement you want me to answer.

The CHAIRMAN: I was waiting to see in what respect it might be tied up with the functions of the chairman of the Wheat Board but I do not think it has any relation with him.

Right Hon. Mr. HOWE: He makes that speech every month in parliament.

By Mr. Quelch:

Q. On page 8, with regard to this question of overage. The elevator company is actually buying wheat as agent of the Wheat Board.—A. Yes.

Q. This is old stuff, I know, but actually it means that the elevator companies obtain from the farmers 578,000 bushels of wheat without paying for it. I cannot see that they have any moral right to get that wheat; I cannot understand why the elevators should be paid for this wheat which they have—I will not say stolen, but taken from the farmers.—A. This is the legal overage

which they are entitled to take under the Canada Grain Act and those overages are disposed of to the board out at our initial prices.

Q. This figure covers the shortages. The shortages have been made up, have they not? This is a net figure.—A. Yes.

Q. I know we allow it but just because we have done it in the past I do not see why we should encourage them to take more away from the farmers than they pay for. That is what they are really doing. So far as overages in terminal elevators are concerned, they become the property of the Wheat Board?—A. Yes.

Right Hon. Mr. HOWE: And the farmer gets it back.

By Mr. Quelch:

Q. Why should not the wheat in the country elevators here go to the Wheat Board? Why do we allow them to have the right to keep wheat they have never paid for?—A. I understand that this is a provision of the law of the country; we merely purchase the wheat from the elevator companies.

Q. Perhaps I should address this question to the minister. Does not the minister think it is about time we took a look at this again and dealt with it in the bill?

Right Hon. Mr. HOWE: Even at the terminals we do not confiscate all the overage. You know there is a certain overage allowance there, and you must remember that compared with 500 million bushels of wheat 578,000 bushels is only .0011 per cent of the total handled.

Mr. QUELCH: Even so it is a lot of wheat.

Right Hon. Mr. HOWE: It is a lot of wheat, but there was a lot of wheat handled. If the terminal arrangements were applied to country elevators, whether much of the wheat would belong to the government or not, I do not know.

The WITNESS: It seems to me that it has gone down quite a bit in the last few years.

Mr. QUELCH: The elevator companies I take it have become embarrassed at having so much wheat without paying for it and they are cutting their overages down all the time. But I do not see their moral right to it.

The CHAIRMAN: Your point is that as it goes down, it means the lowering of the permissible overage in the act.

Right Hon. Mr. HOWE: He suggests putting the permissible overage on it by law.

The CHAIRMAN: If you remember the evidence of two years ago all the handling companies, without exception, would take a very strong objection to it.

Mr. QUELCH: In so far as the pools are concerned it is not so important because the profits of the pool all go back to the growers; but in so far as the line elevators are concerned it is an outright loss.

By Mr. Weselak:

Q. You would not have any record of the shortages?—A. These are accumulated amounts; the shortages and overages, one against the other, and this is the net. If you tried to weigh the grain right on the beam, the companies would say: "If we have a shortage, you will have to accept that shortage."

By Mr. Quelch:

Q. That is why we need the law to allow them to have an overage in order to make sure that they won't have losses; but that being the case if an overall overage occurs, it should surely be turned over to the wheat

board.—A. They might come along the following year with a shortage and ask us to pay for it.

By Mr. Argue:

Q. The one legitimate reason for the overage, even on a moral basis is that some of the elevator companies may have, in fact, cleaned some of the grain up to a certain standard, so that without having stolen it from anybody, there could be a certain overage of the kind of grain reclaimed.—A. You are quite right.

Q. Some overages could be legitimate and some overages could be stolen from the farmers.—A. These figures do not really tell the whole story.

Right Hon. Mr. HOWE: There would be overages which are not real overages.

Mr. NICHOLSON: In your remarks on page 9 you say:

Prior to the beginning of the 1954-55 crop year, the United States Government had subsidized wheat exports, due to the fact that domestic prices under their support legislation were higher than world market prices for wheat. During the crop year 1954-55 the United States intensified its wheat disposal efforts under three main programs.

Would Mr. McIvor comment first on the disposal of wheat for local currencies? I am afraid that I cannot become too excited about this. I realize that we are playing in a pretty big league with the United States, but with the improvement of trade in our modern world I think that consideration has to be given again to accepting local currency to dispose of wheat.

Right Hon. Mr. HOWE: They do not receive the local currencies. The deal also involves a credit, sometimes for 40 years. The lender would accept all the changes in the value of the currency or anything else that comes along.

Mr. NICHOLSON: There is no reason why the acceptance of local currencies would not result in our accepting goods from those countries.

Right Hon. Mr. HOWE: The United States does not sell for local currencies and get that currency and be free to spend it.

Mr. NICHOLSON: I admit that in their particular deals, but this is of another type. There is no reason why the United Kingdom should not be given an assurance that they will get more favourable consideration in our markets than they have had in the past, and if we are going to continue to sell agricultural products in those other countries we must make it possible for those countries to get some of their goods into Canada. I realize this involves questions of government policy, but if Mr. McIvor is going to sell wheat in the world he should be prepared to recommend to the government that the government meet as far as they can that competition. Secondly, with respect to the disposal of wheat for famine relief and other assistance.

Right Hon. Mr. HOWE: We do that.

Mr. NICHOLSON: We are not doing it very effectively. Mr. McIvor told us about the job he did in Europe after the war but we still have half the people in the world who are not getting enough wheat.

Right Hon. Mr. HOWE: That is your theory. We have given wheat to India and Pakistan under the Colombo Plan, and we have given wheat for famine purposes to several countries.

Mr. NICHOLSON: In the last two years what quantity of wheat have we given away?

Right Hon. Mr. HOWE: I would have to look through the records to find the amount, but if there is a need for wheat to relieve famine, we give it.

Mr. NICHOLSON: Could Mr. McIvor tell us within the last five years how much Canadian wheat has gone into the bellies of hungry people?

The WITNESS: I do not know.

Mr. QUELCH: Mr. McIvor should not give away any wheat. I hope not anyway!

Right Hon. Mr. HOWE: Mr. McIvor sells wheat for cash. I do not think he could answer your question.

The WITNESS: I was going to come to that. Wheat has been made available to Pakistan, to India, and to Ceylon under the Colombo Plan.

By Mr. Nicholson:

Q. In what amount?—A. I do not know.

Q. What about the crop year under discussion? Have we given any of that wheat to hungry people?—A. I hope some of it has gone to hungry people.

Q. Under what plan?—A. I do not know of any just at the present crop year.

Q. And coming to the third item, the disposal of wheat under barter agreements, in the final analysis it deals with Poland and the U.S.S.R. and it boils down to this type of transaction.

Right Hon. Mr. HOWE: Take the case of Poland; you say there must be a barter agreement. My department helped Poland to sell cement here, as well as other products, but it was not done by barter. Poland sold for dollars and they paid us in dollars. If there is anything wrong with that, then your philosophy is different from mine. That is the way we trade with Poland and every country, because bartering is a clumsy way of doing business.

Mr. BLACKMORE: We cannot hear what the minister is saying. The speakers are all piled up and we do not know what anybody says. If there is anyone in the group who knows anything about it at all it is the minister, so let us hear what he has to say.

Right Hon. Mr. HOWE: What I said was that we trade with these countries by using dollars as standards of value. In other words we sold wheat to Poland, and we gave Poland credit, and we then arranged for Poland to sell one million barrels of cement in this country, in addition Poland arranged some other sales here. You may offset one with the other if you wish; but in any case they were separate transactions. In my opinion that is the only way to trade. With respect to barter, we have never taken part in trade through barter. Barter is a silly thing. If anyone wants our goods he can buy them, and if we want their goods, we can buy them. If you try to do it as a tie-in barter deal, you will find in every barter deal that each country got more for their goods than they would have received if they had sold them for dollars. Egyptian cotton is sold for 50 per cent above its market, or above the world market, and you will find that Egypt buys wheat that is sold for at least 50 per cent above our prices. That is barter. If you like it, you can have it!

Mr. NICHOLSON: Mr. Chairman, I think in the final analysis that the minister admits that he has been instrumental in the purchase of cement in Canada from Poland. The point I have been trying to make is that in addition to the Canadian Wheat Board, which is charged with the selling of agricultural commodities, the minister should have an import board that would be prepared to negotiate with countries which at the moment are not interested in buying Canadian wheat but which might be induced to do so if we had facilities to get some of their goods into our country.

Right Hon. Mr. HOWE: We do have that type of a board. We have a department in Trade and Commerce whose duty it is to do just exactly that and they are very successful at it.

Mr. ARGUE: Is the department working in the same way in regard to the U.S.S.R. as in regard to Poland?

Right Hon. Mr. HOWE: The U.S.S.R. are in a peculiar position. Their trading is done through a state organization. They fix any price they like and offer any commodity they like. I do not know that they have offered any commodity in this market, although they have their own trade commissioner here and it is quite possible they have. They have a state trade division here in Ottawa and are very active in offering goods through this trade organization.

Mr. ARGUE: Is your department working with their state trade organization to promote trade?

Right Hon. Mr. HOWE: If they come to us and want help, we help them.

Mr. ARGUE: The minister said that we have had some exports to the U.S.S.R. on the contracts which have been signed. Has there been any comparable importation to Canada of U.S.S.R. goods that would encourage us to think that future sales might be forthcoming?

Right Hon. Mr. HOWE: We know future sales will be forthcoming, but as to how much they have sold here I do not know. I will know when the trade statistics come out at the end of the year. They do not report to us when they make a sale. If they ask us to help them, if it is something which we can do, we help them.

Mr. QUELCH: They have made their purchases conditional on purchases by us.

Right Hon. Mr. HOWE: They are taking 400,000 tons a year with a possibility that they might go up to 500,000. We have an indication that they will probably go to 500,000 anyway. I do not think there is too much tie-up; that is pretty much for home consumption.

Mr. QUELCH: Are they paying at the moment in dollars or in gold?

Right Hon. Mr. HOWE: It is dollars which reach us; perhaps it is gold which they exchange for dollars on the international market; I would not know.

Mr. DINSDALE: I would like to change the subject and get back to the European situation.

By Mr. Blackmore:

Q. Before we change the subject, may I ask one question. This morning when we first started asking questions of Mr. McIvor, he gave me the impression that his board had a considerable team of people out all over the world seeking contracts and arranging for sales. I think I got the correct impression.—A. Yes.

Q. What I would like to have clarified is just how his team coordinates with similar teams that the minister must have working throughout the world?—A. Well, the procedure is very simple. For example, on my visit to Japan, Hong Kong and the Philippines, I immediately looked up the minister's representative in the person of the trade commissioner in Japan. He knew I was coming and had laid out a week's program for me to meet the various people who would be interested in meeting me. Our Calgary manager was with me, and in the course of twelve days we called on some fifty people, I would say, who were interested in the grain trade in one form or another.

Right Hon. Mr. HOWE: All appointments were made by the trade commissioner before you arrived?

The WITNESS: Yes, before we ever arrived on the scene, and that was the work of Mr. Howe's representative. We talked grain from the time we got there until we left.

By Mr. Blackmore:

Q. The minister's agents were blazing the trail for you?—A. Yes.

Right Hon. Mr. HOWE: There is a general association. Suppose Mr. McIvor's man reports that Poland needs wheat and they cannot pay for it, we look into the situation and we may make a loan to cover the transaction. That is apart from his work. He simply reports that if Poland could get a loan they would buy so much wheat. If all is well, we arrange the loan and he sells the wheat for dollars.

The WITNESS: I would like to add that we follow a policy that whenever we hear of any prospect of any purchase in any of these countries, we fly our people from Winnipeg to wherever it was at once and they are there within forty-eight hours to discuss it on the ground with the people who are interested. That policy has paid off. For example, last spring we had two men in Germany and as a result of that a very substantial sale was made to Germany. So, we follow every lead that we can. We have our own officers in London who are in communication with all the European centres, and next month we are opening an office in Rotterdam. Our Washington manager, Mr. Boxer, is being moved to Rotterdam. It will be his duty to cover the whole of Europe constantly to see what leads he can pick up as to the prospects for the sale of grain. It is only by talking to these people and getting their ideas that we can keep abreast of the situation.

By Mr. Blackmore:

Q. I have one further question. Who pays the expenses of all these agents which you have out? Do the farmers pay the expenses or are these men paid by the government, that is by the Department of Trade and Commerce?—A. The Canadian Wheat Board men are paid out of Canadian Wheat Board funds and the trade commissioners, of course, are paid by the government for any work that they do on grain.

Mr. TUCKER: In connection with this question, on page 9, where it deals with the disposal of wheat for local currencies, I see, according to the Information on Public Law taken from the second progress report by the President of the United States presented to congress in July of 1955, that it cost them \$167.9 million to get rid of 52.7 million bushels of wheat. It apparently cost the United States, for the disposal of this wheat for foreign currencies, \$3 a bushel to get rid of it. You refer to that as a partial give-away. I would suggest it is an entire give-away and more.

Right Hon. Mr. HOWE: They furnish the wheat at a cost of approximately \$2 a bushel and furnish the transportation.

Mr. NICHOLSON: And pay the farmer the cost of production.

Right Hon. Mr. HOWE: They pay two or three years' storage and then they deliver the wheat to the recipient, they take local currency and lend the local currency to them for forty years, and if the local currency is worth anything in forty years they may get repaid.

The WITNESS: In my opinion, this policy of the United States is not the type of policy to win friends and influence people. Their policy does not only apply to grain. For example, last summer I called on a very prominent cabinet minister in one of the countries in Europe, which shall go unnamed, and I found him in a fury. The reason he was in a fury was that he was meeting very severe competition from the United States in dry milk and other dairy

products out in the near east which had been a traditional market for this particular country. I said, "You are pretty mad about this", and he said, "I certainly am". I said, "I see that you have taken half a million dollars worth of wheat from the United States a short while ago", and he said, "I am not that mad".

Right Hon. Mr. HOWE: When you consider all the virtues of the American give-away program, it is a wonderful way to get rid of wheat, but remember that Canada sells for dollars, cash on the line, almost as much wheat as the United States can give away.

Mr. QUELCH: If this program of the U.S.A. is such a bad program, why do they have it. Americans are not fools. They are pretty good business men as a whole.

Right Hon. Mr. HOWE: They are students of the law—you have heard of the Gresham's law—which says that the lowest value currency drives out the high value currency.

The WITNESS: The minute they get their program in manageable proportion, I will make the prediction that their give-away program, with the exception of some programs to which Mr. Argue has made reference, will be discontinued. I will make this prediction: that all of the give-away programs, with the exception of some of the programs that Mr. Argue has made reference to, will be discontinued.

By Mr. Quelch:

Q. Is that not the main point? They may drop this program but, if they have surplus products they will start another program? We had first that \$3½ billion loan; we had the UNRRA; we had the Mashall plan, and we have this one now. When this one goes they will have another one if they need it, is that not right?—A. I will say this, that these give-away programs, if you want to call them that,—and the Americans do not like the use of that term, I might say—they started out with the highest ideals. There has been some reference to that this afternoon. Certainly no one can criticize what was done during those years. As a matter of fact, it can only be commended. But, I know from my own personal experience, and as a result of talking to some of the people in Washington, that they themselves are very concerned about the trend—I am speaking purely unofficial—that is taking place in regard to the sale of grain. That is that a great many of the buying countries have got into the habit of believing that when they need some grain they are going to get it from the United States under one or other of these programs, in spite of the fact that they might be able to purchase it for the proper currency. It is not a one-way street by any means.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, if I might make a comment: I think our discussion has pretty well broadened out into a field outside of the scope of Mr. McIvor, but I would like to make a comment in view of what he has said.

It is well known that Mr. Benson, the Minister of Agriculture in the United States, went all out through the agricultural areas to try and sell the idea of lower and flexible charges for farm commodities. But he failed to do so. All the farmers have voted for a more rigid support for many farm products. It is equally true, that after your visit to Washington, that Benson made a press release that is at December 17, 1955, to this effect: that "broadened surplus disposal", Mr. Benson said, he was seeking an increase of grants and donations to low-income groups at home and abroad; expansion of foreign markets; enlarged and streamlined barter program; expanded funds for removal of market gluts of perishables; stepped-up school lunch and armed

service use. In other words, I think that it will have to remain to be seen what the United States will do in respect to any program which they will inaugurate in the future. It remains to be seen now that they are compensating the farmers in the United States, whereas the farmers in Canada are perhaps going through one of the worst cost-price squeezes ever experienced in Canadian economy. Surely that is something that we should take into consideration when we are making our observations.

Mr. QUELCH: Does it not boil down to this: that in the United States the farm block is a stronger political entity than the farm block in Canada. That is what it boils down to?

Right Hon. Mr. HOWE: No, our farm block here is more intelligent.

By Mr. Dinsdale:

Q. I notice on page 9 that exports to Europe generally, and to the United Kingdom in particular are up this year, and the general inference is that our trade position in wheat with the United Kingdom is in a fairly healthy condition. But, I have had some time to examine the figures, and it seems to me that our wheat trade with our traditional market in the United Kingdom has shown a downward trend since the end of the war. I say that from the standpoint of five developments that can be traced if you examine the statistics. First of all the U.K. is importing a greater amount of wheat from the non-dollar areas such as Australia, and Argentina. I have the statistics before me, and you can trace the pattern from the end of the war on.

That means, of course, that the import from the dollar area has, of course, decreased proportionately. I have some statistics from the Dominion Bureau of Statistics that would indicate that in 1945-46 the percentage of wheat imported from Canada to the U.K. was 92 per cent. That is: imported from all sources. Whereas, in 1954-55 it was just 53 per cent. Then again it would seem that our export position with the United Kingdom has been stronger during the periods of the U.K.-Canada wheat agreement, and under the International Wheat Agreement program. For example, under the Canadian-U.K. agreement we averaged 151 million bushels per year export to the U.K. which was 80 per cent of the total. Under the International Wheat Agreement we averaged 120 million bushels per year, which is 70 per cent of the total. But, during the no-trade treaty period our average has only been 95 million, which is 58 per cent of the total. I see this trend also indicated by the increased indigenous production in the United Kingdom last year. The United Kingdom import of 190 million bushels of wheat which is 20 million less than the pre-war average. Now, all this suggests that we are not helping our position in the export of wheat to our traditional market, and it has been obscured somewhat by our improved export situation to the new markets that we are developing.

What would you say about those comments?—A. I would say that unless you were to dig down and get all of the reasons for these changes, and the figures, it is very difficult to explain the situation. Now, you pick up 1945-46, and 1945-46 were years in which there was a scarcity of wheat in the world. Canada very wisely followed the policy of taking care of the United Kingdom's requirements. That was during a period when the people were hungry—they had to set up the committee, of which I was chairman, in Washington to see that everybody got a fair share of a short commodity.

What I said this morning—and it is true—is that our business with the United Kingdom is up this year. As we moved out of the period of the war and the effects of the war, the United Kingdom started to reach out for wheat which they had purchased prior to the war. Australia—you talked about Australia's exports being up to the United Kingdom. Just recently I saw a complaint from Australia that the United Kingdom were not purchasing a

sufficient quantity of their wheat. I think the reason for that is that the United Kingdom has been purchasing a lot of French wheat which is very cheap but does not conflict with our wheat. As a matter of fact the more French wheat they bought the better it would be for our hard wheat which they require to mix with the soft varieties. I do know that we feel that in the last year or two our trade with the United Kingdom has held up very well and it is higher this present crop year, the one we are in now than it was a year ago.

Q. But even last year, Mr. McIvor, I think the total export figure is about 100 million bushels for Canada and that is 20 million less than the pre-war average. The point I am making is that the trend in our wheat trade with the United Kingdom has been gradually downward since the war?—A. I do not think as far as Canada is concerned, it has been downward. I think actually you put your finger on one of the problems in your earlier remarks, that is, the home production in the United Kingdom is substantially more now than it was pre-war—substantially more.

The CHAIRMAN: If you turn to the table on page 9 in the second part I do not think your contention is quite borne out by the statistics. The percentage to the United Kingdom in 1940-41 was 82 per cent and then it goes down and then it goes back to 82 per cent again in 1947 and then it goes down gradually again. It is almost a fixed pattern.

The WITNESS: I have reference, for example, to the crop years 1952-53. Well, you can start at 1950-51 if you like.

By Mr. Pommer:

Q. What page?—A. You find in 1950-51 we exported to the United Kingdom 101 million of wheat and wheat flour. That was 42.1 per cent; in 1950-51 35.8 per cent; in 1952-53 31.9 per cent; in 1953-54 32.2 per cent and in 1954-55 40.4 per cent. So if you make a comparison going back to 1951-52 you will find that the share of the exports with regard to the United Kingdom has increased percentage-wise.

The CHAIRMAN: Any other questions there?

By Mr. Argue:

Q. Apart from the Iron Curtain countries, will Canadian exports this year be as high as last year?—A. They will be higher.

Q. They will be higher?—A. I think so.

By Mr. Weselak:

Q. The percentage to world trade will be higher too?—A. Yes.

By Mr. Dinsdale:

Q. This indicates the total of Canadian wheat sales. The point I am making is the percentage of total imports by the United Kingdom have been moving against Canada, that is, in relation to importations from other sources, Canada has been occupying an increasingly inferior position. Let me quote some figures to that effect from the Dominion Bureau of Statistics. In the 1945-46 — A. I think you should go right back if you will because I think what you are intending to do if I may say so is to take the war years and the years immediately following the war. Go back to the prewar period.

Q. I have not got those figures here with me unfortunately.—A. I think you made the remark that we were down since prewar, perhaps you did not intend to.

Q. I made one reference to the fact that our exports this year were 100 million and that was 20 million less than our prewar average to the United

Kingdom.—A. I have not the figures in front of me. I do not want to doubt your word, but that is not my recollection. If you would not mind, I would like to defer this question until I can do some work on it overnight because you are asking me questions I am not familiar with. If you are right I will be the first one to admit it, but I have some doubts about it.

By Mr. Tucker:

Q. It is also true, is it not, that they were getting wheat from us at below world prices and also she took all she could from us. There is that factor to the situation, is there not, but I do not think I want to suggest that we should sell grain to Great Britain any lower than to anyone else. Undoubtedly that has affected our exports to Great Britain.—A. You see, the British market is a very peculiar market. In Scotland we probably sell the highest percentage of Canadian wheat that we do to any country in the world because they like bread made from our wheat and our percentage there is very, very high. In England, according to the bakers and the millers, they prefer a mixture of about 50 per cent of Manitoba, so much Australian or French, so much Argentine and so much of their home wheat. That is the kind of mixture they prefer. So that under conditions that apply today while exports to the United Kingdom may vary 5 or 10 per cent in a year the usual pattern is fairly fixed unless we want to get into the business of competing with very low priced French wheat or other wheat that they can buy and keep it in mind that if we try to do that as far as the United Kingdom market is concerned, we would have to lower our prices to everybody else. We could not be charging the United Kingdom one price and somebody else another price. We would not hold our markets very long.

Q. In reply to Mr. Tucker, Mr. Chairman, I did make that point that during periods of international wheat agreements, either the U.K.-Canadian or the I.W.A. our export position had been stronger and I presented that particular point to demonstrate that we are now in an inferior export position?—A. I wonder, Mr. Chairman—I will have Mr. Davidson do some work on those figures overnight and perhaps if you will bring it up tomorrow.

Mr. QUELCH: Mr. Chairman, we cannot finish, would you like to adjourn until tomorrow?

Mr. ARGUE: We have had five hours, Mr. Chairman.

The CHAIRMAN: Yes, we will continue tomorrow at 3.30 in the same room.

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HOUSE OF COMMONS
Third Session—Twenty-second Parliament
1956



STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

Report of The Canadian Wheat Board for the Crop Year 1954-55

WEDNESDAY, JULY 4, 1956

WITNESSES:

Mr. Ben Plumer, Chairman, Alberta Wheat Pool. Mr. George McIvor, Chief Commissioner, and Mr. C. B. Davidson, Secretary, both of The Canadian Wheat Board.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.,
and
Messrs.

Anderson	Gour (<i>Russell</i>)	Menard
Argue	Harkness	Michaud
Batten	Harrison	Montgomery
Blackmore	Huffman	Murphy (<i>Westmorland</i>)
Boucher (<i>Chateauguay- Huntingdon- Laprairie</i>)	James	Nicholson
Bruneau	Kickham	Perron
Bryce	Kirk (<i>Antigonish- Guysborough</i>)	Pommer
Cardiff	Laflamme	Proudfoot
Castleden	Leboe	Purdy
Charlton	Legare	Quelch
Clark	Lusby	Roberge
Decore	MacKenzie	Robinson (<i>Bruce</i>)
Demers	MacLean	Schneider
Deslières	Mang	Smith (<i>Battle River- Camrose</i>)
Diefenbaker	Masse	Stanton
Dinsdale	Matheson	Thatcher
Fontaine	McBain	Tucker
Forgie	McCubbin	Villeneuve
Gingras	McCullough (<i>Moose Mountain</i>)	Weselak
		White (<i>Middlesex East</i>)
		White (<i>Waterloo South</i>)—60.

(Quorum 15)

E. W. Innes,
Clerk of the Committee.

ORDER OF REFERENCE

WEDNESDAY, JULY 4, 1956.

Ordered—That the name of Mr. Bryce be substituted for that of Mr. Zaplitny on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

WEDNESDAY, JULY 4, 1956.

(11)

The Standing Committee on Agriculture and Colonization met at 3.30 p.m. this day. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Anderson, Argue, Blackmore, Castleden, Charlton, Gour (*Russell*), Harkness, Huffman, James, Jutras, Kickham, Legare, MacKenzie, Mang, Matheson, McBain, McCubbin, McCullough (*Moose Mountain*), Menard, Nicholson, Pommer, Purdy, Quelch, Roberge, Schneider, Smith (*Battle River-Camrose*), Tucker, Weselak and White (*Middlesex East*).

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce; Mr. Ben Plumer, Chairman, Alberta Wheat Pool; *From The Canadian Wheat Board:* Mr. George McIvor, Chief Commissioner and Mr. C. B. Davidson, Secretary.

Mr. Plumer was called and made a brief statement; he was questioned and permitted to retire.

The Committee proceeded to consider further the Report of The Canadian Wheat Board for the Crop Year 1954-55.

Mr. McIvor and Mr. Davidson placed on the record information that had been requested at previous sittings.

The Committee approved the following sections of the Board's Report, Mr. McIvor and Mr. Davidson supplying information thereon:

8. 1954-55 Pool Account — Wheat
9. 1954-55 Pool Account — Oats
10. 1954-55 Pool Account — Barley
11. Payment Division
12. Legal Department
13. Staff and Officers
14. Advisory Committee

At 5.35 p.m. the Committee adjourned until 10.35 a.m. Thursday, July 5, 1956.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

WEDNESDAY, July 4, 1956,
3.30 p.m.

The CHAIRMAN: Order. I now see a quorum. Gentlemen, we have with us today Mr. Plumer of the Alberta Wheat Pool and I understand he has a short statement to make and would like to make it now because he has to go away. Is it the pleasure of the committee to hear Mr. Plumer now?

Agreed.

The CHAIRMAN: Mr. Plumer needs no introduction to this committee; I believe all members are acquainted with him on account of his previous appearances before us. He represents the Alberta Wheat Pool and I will call on him now.

Mr. Ben Plumer, Chairman, Alberta Wheat Pool:

The WITNESS: Thank you Mr. Chairman. Mr. Howe and gentlemen, this is not going to take up very much of your time. I just want to register our position as far as the Alberta Wheat Pool is concerned. As you know, we have had some discussion in this room on previous occasions in connection with the allocation of cars. Well, I have a short statement prepared which I have had printed so that there would not be any question of what that statement was when it is talked about by any one of your neighbours, and I am going to ask the chairman if we can have this distributed to the members of the committee. With your permission, Mr. Chairman I will just read the longer statement which has to do with grain distribution. This is an instruction from the delegates of my organization, the Alberta Wheat Pool:

The delegates of Alberta Wheat Pool have instructed the board and management of the pool to "work without ceasing"—

That is in quotation marks—that is their direction.

—until farmers generally are furnished with means by which they may indicate a preference as between the elevators at their shipping point to which they prefer to deliver grain; and further, that when railway cars are supplied for shipment of grain at the point, they be supplied to the elevators in the proportions chosen by the farmers.

Now if I may I am going to leave that with you, Mr. Chairman, and, just to end, I might sort of serve notice that one of these days we are going to be back here asking that you consider this question again.

Now, will you pass me a copy of that other statement, Mr. Chairman?

I just want, as a matter of fact, to say that:

The farmers living in the Lethbridge railway division have been seriously delayed in their grain deliveries during the 1955-56 season by lack of cars supplied for grain shipment.

That is a matter of information to you, gentlemen, and that is all I am going to say in connection with these two statements. As I said before, on some other occasion when we have a little more time and we are not so close, perhaps, to prorogation, we may be able to consider this matter and what may be necessary in order to accomplish the end that the farmers in my organization have in mind when they ask me to "work without ceasing" on their behalf on this matter of grain delivery.

I thank you very much, Mr. Chairman and gentlemen.

By Mr. Argue:

I wonder if I may ask Mr. Plumer a question? Mr. Plumer, from your former appearances here and your attendance at meetings of this committee, you will know that a number of us—not all of the members—have taken a very active interest in this particular problem. You have set forth today a principle, I take it, as to what may be done to improve the situation. I have been associated with a certain principle in the past. I am not tied to any one suggestion, one way or the other, but I do feel that something should be done to enable producers to deliver grain to the elevator of choice. But here is what we are up against, and here is the question I wish to ask you: we have been told so often that any type of formula that might be adopted would interfere with the Wheat Board's ability to call out the type and grade and quantity of grain that it might wish, and that this kind of thing would in fact interfere with the operation of the Wheat Board—something that no one wants to interfere with—and I would just like to hear your opinion as to whether or not this type of proposal could be put into operation without interfering with the Wheat Board's marketing operations and policy in regard to selling grain.—A. I will say Mr. Chairman that I think it can, for this reason, that this refers to the time when the cars are finally supplied to the points, no matter if it is this week, next week, next fall, or whenever it might be. One finally gets to the point when they are supplied. We are asking that recognition be given to this principle, and we are coming to you to ask that it be studied until something is worked out because our farmers are not going to be satisfied until they get something, and they believe it is possible and they want us to keep working at it until some solution is reached along the lines they have indicated. I say again that it is only a question of the time when they do finally come to the point. We are not asking that they be put in there this week, this Sunday or any other particular time, but when they finally do come distribution should be made in this manner.

Q. If 60 per cent of the producers with 60 per cent of the grain or acreage at a given point say they wish to deliver their grain to elevator A, elevator A should be given 60 per cent of the box cars?—A. That is the general idea.

The CHAIRMAN: Are there any other questions? Well, Mr. Plumer, that was a very short appearance.

The WITNESS: Thank you for giving me a little break because I am just on the waiting list to get a passage back to Calgary. I came down especially for this job.

By Mr. Nicholson:

Q. What about this resolution from Lethbridge—can Mr. Plumer indicate how serious this situation is? Would he enlarge on this printed statement from Lethbridge regarding the situation there?—A. Well, there is not very much more to say, Mr. Nicholson. That is the position—the cars just have not been put in there.

Q. What about the quotas in that area? Have you any information on quotas?—A. The quotas are about five or six bushels, but they are not all delivered; the cars are not available to deliver that much grain yet, but there will be a lot more delivered between now and the end of July.

Q. Do you have trouble getting enough cars to service the elevators in your own area?—A. We have taken shipping orders that we do not have cars to ship, and all the rest have the same difficulty.

Q. What is the situation likely to be in the Lethbridge area at the end of July?—A. I rather think it will be pretty well caught up by the end of July because they are concentrating cars on that district.

Q. What about C.N. and C.P. points? Are the places concerned here on Canadian National or Canadian Pacific points?—A. These are all C.P. points because there is no Canadian National line in the southern part of the province below Calgary.

By Mr. Mang:

Q. Have the advisory committee of the Wheat Board gone into consultation with the transport controller and the Wheat Board to find out the answer to this "something" that should be done in order to meet this principle outlined here?—A. I would say that the transport controller and his officials have certainly made an effort to get the cars in there.

Q. I was referring particularly not to the Lethbridge situation but to the situation as outlined, the situation which you are going to "work without ceasing"?—A. You mean the distribution of cars?

Q. Yes.—A. That has been discussed, yes, with the Transport Controller and the railways, yes sir.

Q. And so far no solution has been found to it? I was asking whether the advisory committee of the Wheat Board as such?—A. No, I would not say as such particularly, no.

Q. I think it would be helpful if perhaps they as an advisory committee would pursue the point with the railways, with the Transport Controller, with the Wheat Board and whoever else is involved?—A. Well, the negotiations have been quite a long story and we have carried them on and I speak on behalf of the Alberta Wheat Pool because that is my primary responsibility in the matter of distribution.

Q. What I am getting at, we on the committee are not in doubt that all the brains in the world—and it seems to be that this is a very difficult principle to meet having regard to all marketing conditions and so on, and therefore I just wondered whether the advisory committee of the Wheat Board are making efforts along the direction I have stated?

By Mr. Quelch:

Q. The general principle contained in this statement has been pretty well endorsed by all farm organizations now, has it not?—A. I would say so, yes.

By the Chairman:

Q. Well, thank you Mr. Plumer. Both your representations will be included in today's record.—A. Thank you.

The CHAIRMAN: Now, we get back to section 8 in the annual report.

—Mr. George McIvor, Chairman, Canadian Wheat Board, called:

The WITNESS: I wonder, Mr. Chairman, if we could deal first of all with the questions which were asked yesterday on which we had to obtain some information overnight. Before dealing with those questions I have a statement here which I think will be of great interest to the committee. We have recently sent out a questionnaire to all elevator agents to try and obtain information as to the amount of grain that is deliverable on farms and I have the answer to that questionnaire and I would like to give you the figures.

We sent out a questionnaire in the spring and we sent out a questionnaire in May and these are the results between the two questionnaires. The answer received from the questionnaire which was sent out in May and answered in June, the deliverable quantity of wheat is 225.9 million bushels. For the same period in the previous questionnaire 284.9 million or a reduction of 59 million.

By Mr. Nicholson:

Q. What is the date of the previous one?—A. It was sent out in the spring. I have not the exact date, Mr. Nicholson. Oats deliverable quantity, 34.4 million and the earlier questionnaire 61.7 million, a reduction of 27.3; barley, the latest questionnaire 41.9 million, early questionnaire 64.1 million, a reduction of 22.2 million; rye, the latest questionnaire 7.4 million, the early questionnaire 8.8 million, a reduction of 1.4 million; flax, the early questionnaire shows 1.2 million and the latest questionnaire 600,000, a reduction of 600,000. The total reduction 110.5 million bushels of grain.

March 14 was the date of the early questionnaire, Mr. Nicholson.

Now, in regard to Mr. Charlton's question of yesterday on the amount of feed grain on hand on the 14th December which is the approximate closing date of navigation, first of all, I will give you the lakehead figures—

No. 5 wheat	2,879,000 bushels
No. 6 wheat	941,000 bushels
Feed wheat	200,000 bushels
Oats	840,000 bushels
Total barley	2,702,000 (of which 1,125,000 were the feeding grades.)

Eastern elevators.

No. 5 wheat	3,950,000
No. 6 wheat	2,245,000
Feed wheat	245,000
Oats	5,277,000 (of which 4,910,000 were the feeding grades.)
Barley	5,056,000 (of which 3,431,000 were the feeding grades.)

In transit on the lake at that time, I have not the breakdown by grades, but there was 18 million bushels of wheat of all grades some of which would be low grades, 500,000 bushels of oats and 1,700,000 bushels of barley.

All-rail shipments from the close of navigation to the opening of navigation, wheat, 6·5 million. That was mainly export wheat. Oats, 7·6 million, barley, 3 million. Before the close of navigation the board arranged with the shippers and exporters to put stocks of oats and barley in eastern positions on an agency basis, that is, the price did not have to be fixed at that time and the following quantities were moved—

Oats	3·3 million
Barley	2·5 million
Low grade wheat	8,722,000

There are several other questions that Mr. Davidson will deal with if he may.

Mr. C. B. DAVIDSON (Secretary, Canadian Wheat Board): First, there is the question by Mr. Dinsdale in regard to the United Kingdom's position subsequent to the information contained in the supplementary part of our annual report. We have taken those figures back now to the year 1935-36. I would like to draw the attention of the committee to a situation which existed in the early 30's and all through the 20's. At that time our export statistics were compiled on a different basis than they are now. The principal difference was that prior to 1936 wheat leaving the lakehead had to have an overseas destination and in many cases it was filled in as United Kingdom. That had the effect of enlarging our exports to the United Kingdom on a statistical basis and shrinking our exports to other countries.

Now, in 1935, a new method was adopted and that method has been used ever since. The Board of Grain Commissioners for Canada now compile export statistics on the basis of the actual unload of each cargo and from that time we have had very accurate statistics on our grain movement.

I will just give you an example of how this works out. In 1935-36 the official figures on the old basis showed exports to the United Kingdom of 173 million bushels. I can take you back in some previous years to where you will find Canadian exports to the United Kingdom larger than total United Kingdom imports. In that prior period, it is also interesting to note that the United Kingdom statistics were out. We used to export a lot of wheat through American ports and generally speaking that wheat was treated as American wheat by the United Kingdom, whereas it was actually Canadian. The result was that the United Kingdom statistics were too low as far as Canada was concerned.

In the revision of this method as far as we can estimate, the correct figure for 1935-36 was 80 million bushels, not 173. On the new basis for all subsequent years the figure for 1936-37 is 92 million; 1937-38, 56 million. That was the year of our crop disaster; 1938-39, 91·7 million and 1939-40, the first year of the war when there was some stockpiling in the United Kingdom, 132·6 million.

Apart from the first year of the war, our exports to the United Kingdom ranged something less than 100 million bushels and prior to 1936-37 the statistics available simply do not show the position.

Another question was brought up yesterday. It is one which I hesitate to get into because it introduces a lot of other factors. Mr. Harkness asked for some information in regard to world wheat production and the general trend that has been followed. I got together a few figures here which I will be glad to place on the record. The first is a series of figures giving world wheat production for the eleven years from 1945 through 1955. These figures show a steady increase in the world production of wheat and especially in the last five years when we have been in this era of large crops.

In 1951, for example, world production of wheat was estimated at 6,400,000,000 bushels and in 1955 estimated at 7.3 billion. Now, that is a very sharp increase in world production over a period of the last five years.

I think it is also important to note that world trade in wheat has been very well maintained throughout this period of bumper wheat production; in other words, there has not been a corresponding drop in world trade in wheat which you might expect from such a large increase in world production.

There is another rather interesting comment which could be made based on the accumulation of wheat in the exporting countries. I have the figures there from 1946 through 1955 and I will just make one reference to them. In 1951, the four chief exporting countries at year-end had year-end stocks of 624 million bushels. In 1955, at the end of the crop years used by each of the individual countries, these stocks had increased to 1,695,000,000 and over 1 billion of that, of course, was in the United States. So that you have roughly since 1951 an increase in surplus stocks in the exporting countries of roughly 1 billion bushels.

During the same period going back to the figures which I quoted a few moments ago, the world actually produced about 3 billion bushels more wheat than if the 1951 level of production had continued through to 1955. Therefore, you will see that roughly two-thirds of this increased production of wheat in the last five years has gone into current consumption and roughly one-third has been accumulated in the exporting countries.

Now, there is one further observation which should be made and that is that in recent years especially since the end of the Korean war reserve stocks held in importing countries generally have been reduced and have gone into consumption and some higher percentage of world reserves of wheat today are being carried by the major wheat exporting countries.

There are, of course, a lot of reasons for the very large consumption of wheat which there has been in the last five years, one of the most important being the changes in world population. In the last thirty years the population of the world has increased by about 600 million people; in the last twenty years by about 400 million people. This population increase has been general. To give you a few illustrations, I will take, for example, Europe. In 1939, Europe had a population of 573 million people; in 1949 593 million people; and in 1955, 615 million people. So, in the population increase you have had a new country added, say, the size of France in so far as the consumption of food-stuffs is concerned.

In Asia the population increase has been terrific; 1,162,000,000 in 1939, and that has gone up to 1,441,000,000 in 1955. In North America you have a rapidly increasing population. In the United States you have sharply increasing populations. Also in the Caribbean and in South America.

In addition to the population factor, of course, you have the factor of rising living standards in most areas in the world. Generally there is a trend towards larger urban populations. All these factors have tended to increase the consumption of wheat and, I think, will go on continuing to increase the consumption of wheat.

To compare that situation with western Canada, here we are living in the midst of increasing populations. First of all, you have an increase in the urban population within western Canada itself. You have increasing population in that part of Canada outside of the prairie provinces. You have increasing population in the United States to the south, in Asia and in Europe. Our farm population has tended to become static, or perhaps slightly reduced, as a result of larger farms and mechanization.

I think probably that western Canada in the production of wheat and other foodstuffs occupies a pretty strategic place in the world and, while we may have problems now, problems in the next few years, in the long run the basic factors are moving in our favour.

The CHAIRMAN: Are there any questions?

By Mr. Tucker:

Q. There is one question on which you may not have the figures, or which may to some extent be speculation. There has been a great deal made about the tremendous drive on the part of the Soviet Union to bring a tremendously increasing acreage under wheat cultivation. I wonder if you have any information about that?—A. We have no information of an authentic nature at all, Mr. Tucker. We have heard reports that in some of the new areas that are being broken up that production of grain has not been too successful; but we have no definite information. As a matter of fact I have been discussing this with some of the people who have been over here and I must say that I did not succeed in getting any authentic information.

Mr. NICHOLSON: These estimates which you gave do not include Russia, China and Manchuria?

Mr. DAVIDSON: They include Russia and China in the world figures.

Mr. NICHOLSON: I have the United States agricultural survey and they leave out Russia and China in their estimates.

Mr. DAVIDSON: Yes. These are taken partly from the International Wheat Council figures and partly from the United States figures.

Mr. QUELCH: You mentioned an increase in acreage in the past five years. What increase in acreage was there during that period?

Mr. DAVIDSON: The increase in acreage has not been too remarkable at all. In 1955 I would say the biggest change of all has been the decrease in the American acreage. The European wheat acreage is running at about pre-war levels. There has been some increase in Asia but not a startling increase. As you know, our own acreage here is down to perhaps 19 million or 20 million acres for 1955. I think that the more you study these figures the more you appreciate the fact that we have been living in an area of bountiful wheat production.

Mr. QUELCH: Is there any likelihood of any increase in acreage in the future? Are there any areas where there may be an increase in the acreage of wheat apart from Russia?

Mr. DAVIDSON: The problem is not so much an increase in acreage as an increase in yield. In South America, for instance, their average yield per acre is under ten bushels an acre in some countries and in some cases as low as seven or eight bushels an acre. You can see that under those conditions what they want to do, by improving their seed and cultivation methods, is to get their yield per acre up. That is a more significant factor for them than actually expanding acreage. There are other areas, of course, where acreage increases are taking place. I do not have the figures with me, but I would think, Mr. McIvor, that Turkey would be a case where there has been an actual expansion in wheat acreage in recent years; I think India is probably increasing her wheat acreage a bit. But that is not too significant a factor because many of these adjustments are taking place in countries where the population growth is greatest. I think that is the factor which is tending to have world trade maintained well in the face of a general increase in production over the last five years.

Mr. TUCKER: These figures on acreage which you have given do not include the Soviet Union?

Mr. DAVIDSON: I did not give you any acreage figures. I was dealing with production and the production estimates would include an allowance for Russia and China.

Mr. TUCKER: I understood you to say that there had not been any significant increase in acreage in Europe and not a tremendous increase in Asia.

Mr. DAVIDSON: I must exclude Russia and China from that because I do not know.

Mr. TUCKER: Do they not make returns to the various United Nations organizations, or don't they observe or make any contribution to the Agricultural Conference in Rome?

Mr. DAVIDSON: No, and that also applies to the other iron curtain countries such as Rumania, Hungary, and Czechoslovakia. Before the war they were quite large wheat producing countries, but we have no reliable statistics from those areas today.

Mr. HARKNESS: The outlook is most discouraging from our point of view that despite very large increases in population that have taken place, the amount of wheat entering into world export has increased so very little over the last 25 years.

Mr. DAVIDSON: You are going back a long way now.

Mr. HARKNESS: Your population figures went back about that time too.

Mr. DAVIDSON: Yes, they go back 20 years; but the point I have in mind is that you have to go back so long before the war when world trade in wheat was running about 600 million bushels.

Mr. TUCKER: I think the witness should be permitted to complete his answer.

Mr. HARKNESS: In this report you have the average for 1930 to 1939 of 710 million bushels.

Mr. DAVIDSON: 1930 to 1939?

Mr. HARKNESS: Yes.

Mr. DAVIDSON: Yes; it may be that it was down lower than that at the beginning.

Mr. HARKNESS: That was the average for over 10 years.

Mr. DAVIDSON: In 1939-40 there was a very heavy movement of grain in the first seven or eight months of the crop year at least.

Mr. HARKNESS: There has been no increase in the amount of wheat entering into world export at all comparable to the increase in population.

Mr. DAVIDSON: But there was a very, large increase in about consumption which has absorbed a large part of the sample production of the last five years; in other words, putting it this way: a lot of people think that in the face of heavy world wheat production of the last five years there should have been a decline in world trading in wheat; in other words, that domestic production would supplant exports; but that has not worked out to any significant extent.

The CHAIRMAN: Are there any other questions?

By Mr. Argue:

Q. I wonder if you have the figures for the quantities of grain on the farm for a comparable date last year; in other words, do we have larger quantities of grain on the farms of western Canada at the present moment, or less than last year, or just about the same, or what?—A. We can give you the figures; it will take a little figuring to do it but I shall remember to come back to it before we get through.

The CHAIRMAN: Are there any other questions?

By Mr. Argue:

Q. You gave us some box car figures yesterday; would you have box car figures from August 1st to May 1st of the current crop year and for the same period last year?—A. The only figures I have are for the period which I gave you yesterday; but again we can get them for you. It is very difficult to bring all the papers here that are needed, but I will get them for you.

Q. You have not got them in the room?—A. I have not got them right here, no.

Q. Are we still on general item number eight?

The CHAIRMAN: That is right.

By Mr. Argue:

Q. Yesterday we gave some considerable amount of time to a discussion of methods of disposing of grain on the international market and some rather strong statements were made in criticism of the American program. I noticed on the television news report last night and on other news reports that we in this group were reported as having advocated a give-away program, and that was the whole sum and substance of the news report. Therefore I want to clarify, if I can, exactly the type of thing we have been proposing, and it is this: that in addition to an aggressive sales policy that the Wheat Board is following—and I think all of us will agree that within the orbit of government policy the Wheat Board has been following an aggressive sales policy—that the government—in the crop year under review, Argentina, Australia, and the United States each increased their sales of grain by substantial amounts while Canada's sales have gone down. In view of that situation we said that the government should adopt additional measures—including acceptance of local currencies, and including barter or contract sales as methods of disposing of grain, and an extension of the economic assistance program such as the Colombo program.

I want to point out that in advocating that these things be done I think we are travelling in very good company; we are travelling in company with the farm organizations of western Canada. The Inter-provincial Farm Union Council, in their submission here, and in their submission to the government of Canada on February 16th of this year, said:

A much more aggressive sales policy by the government and the Canadian Wheat Board, by substantially increasing sales staff, by acceptance of currencies of other countries which in turn can be used to pay for imports from those countries, by barter deals wherever possible, and by credit transactions wherever these are necessary.

I would like to read from a report of the program adopted by the Saskatchewan Wheat Board as published in the Star Phoenix of November 14, 1955, in which point 7 of their program reads as follows, in part:

That Canada maintain its aggressive sales policy and that the government of Canada should arrange to accept sterling or other currencies when necessary, and that the Canadian government participate in famine relief plans and that it increase its contributions to the Colombo plan and other technical aid programs as a means of increasing the potential market for Canadian wheat.

I suggest that these policies adopted by the farm organizations are sound and if they were adopted by the government, then within that policy the Wheat Board would be able to make more sales of grain than it is now making.

I have one specific question to ask in this particular connection and it is with regard to the sale of wheat to India. I have in my hand report number 46,

on the International Wheat Agreement, and it discloses that India has purchased to date some 10 million bushels of wheat from the United States, and some 6 million of wheat from Australia, but none from Canada; and that in the crop year 1954-55—speaking from memory—I think we sold over 14 million bushels, a similar quantity to the year before.

I have a report from the Saskatoon Star Phoenix for Thursday, June 28. On the front page it reads as follows:

New Delhi (AP)—India today announced its decision to open negotiations with the United States for the purchase of 3,000,000 tons of wheat worth more than \$200,000,000.

I take it that is something over 100 million bushels of wheat.

Informed sources said India hopes to obtain as much wheat as possible under the U. S. surplus program which would enable India to pay rupees and then borrow the money back for economic development projects.

That is the precise type of program we have had in mind when we have advocated an extension of economic assistance as a method of helping these countries. We have done something similar in the past under the Colombo plan with India and Pakistan. They took certain quantities of our grain, they exchanged for that grain local currency, and then they used their local currency for local development projects. As far as I am concerned, everyone, every organization, every political party has supported that type of proposal and that type of policy. I have no idea whether the news report is true or not; but, if there is some foundation to the report that India is now negotiating for the purchase of as much as 100 billion bushels of wheat from the United States under an economic assistance program, it disturbs me that Canada is not exploring the possibility of doing something similar, so that Canada can at least participate in the Indian market for grain. It appears from the record I have quoted that at the present time we are not selling grain to India.—A. With regard to India, I have no doubt that there is some substance to the report you have read. I do not know whether the quantities are correct or not. I have no means of knowing that.

We have been in touch with India recently. I think they would be interested in some of our wheat at 20 to 25 cents under our present price. At the present moment, at least, our ports are shipping wheat to their full capacity.

Now, if you sell wheat to India at 20 cents to 25 cents under our price then you must extend the same privilege to the United Kingdom or any other of our larger customers—in fact, to all our customers.

The strength of this Wheat Board, in my opinion, is that we quote the same price on the same day to every customer. I think that is what has built a lot of good-will abroad. I had expected, when we got down here, that somebody might mention the fact that we have been able to increase our exports very substantially recently. We are working along those lines. But I personally, as a member of the Canadian Wheat Board, would be very reluctant and very much against selling India wheat at prices that other people are willing to sell it to them at the present time. I would rather take my chances on being able to dispose of these stocks of wheat at a more satisfactory price.

If I might finish, Mr. Argue. I think this: I certainly would not like to be accused of blowing the horn of the Canadian Wheat Board—I have never done that and I do not intend to do it today—but I do feel that in this

crazy mixed-up world that we have had in grain in the last nine or ten months, the one stabilizing influence on the market of the world has been the Canadian Wheat Board.

Mr. GOUR (*Russell*): That is right.

The WITNESS: I would be very reluctant to see us depart now and embark on a policy that might mean the breaking of the price structure at this stage, before we know anything about our new crop, or anything about the amount of wheat we have to sell.

Mr. GOUR (*Russell*): That is good business.

By Mr. Argue:

Q. I do not think that I inferred any question of price reduction. If I did, I withdraw it, because I did not wish to. If it needs to be said, I certainly agree that the Wheat Board is doing an excellent job. It has to work within government policy, and I think it is a stabilizing influence. If we did not have the Wheat Board today the farmers who grow the wheat relatively and had to market it on the grain exchange would probably be in the same position as that of the flax producers last year who sold their flax at \$2.65 a bushel in the fall and found the flax next spring being purchased at \$4 a bushel. That is the very kind of thing that the farmers never want to see in the sale of wheat, and would like to get rid of it as far as flax is concerned. We wish you were handling flax, and rye and a whole lot of other things. If you were doing some business with some of these products produced in Ontario and the east, they probably would not have as many problems as they have.

But, it seems to me that we could be sharing, in part at least, in this Indian market without cutting the prices—selling to India at the same price we sell to anyone else, but adopting the modified method of exchange, or payment as we have done in the past.

That is all I intended—nothing to do with cutting prices.—A. I must admit, Mr. Argue, that I am not familiar with the details of that proposal the Americans are making to the Indians. I have no means of getting at that information until such time as it is put on the table. So far these reports are purely in the nature of rumours as far as our Board is concerned. But, as soon as we heard those reports we did seek to find out what the Indians had on their minds. Because, I agree with you, that our Wheat Board must never overlook any opportunity to sell our wheat any place that we can sell it. It is not good enough to just sit and see the United States, or somebody else sell to the Indians, provided we can do so on a proper basis.

But, my interpretation of what is involved in this is that, not only will arrangements be made to sell wheat to India against local currency, which will be used in India, but in addition to that the wheat will be sold at somewhere in the nature of 20 cents under our present price. That is my understanding of the situation.

I would not like you to accept that as being final, it is just my judgment of what is going on.

Q. I do not know who we would get to get a better judgment. Would that be 20 cents under for similar grain, or would that be a lower price for an inferior product?—A. It would be 20 cents under for the type of wheat that would be satisfactory to the Indians for their purposes. Now, you see the Indians do not use wheat in the form of flour. They take it and cook it as a whole cereal in a similar manner to the way in which you might

cook rice. It is then marketed in the villages around India. The bulk of what they use is their own wheat, which is not suitable as far as quantity is concerned for milling as our wheat would be.

During the war, as an illustration of that Indian problem, we were very anxious at that time to dispose of some of our No. 5 wheat. We thought that that would be an excellent grade of wheat for the Indians to buy. We sent out samples, and I conducted the negotiations myself with the Indian mission in Washington. Finally they rejected the No. 5 wheat on extraordinary grounds to me. Nevertheless to them they probably made sense. If they distributed the No. 5 wheat, which showed frost damage and that sort of thing, in the villages, the next village might get a very much higher grade. So, therefore you create dissension in the villages in India in respect to the type of wheat they use. So, for that reason they rejected our No. 5 wheat.

But, my impression of what is going on, as far as India is concerned is this: on the 27th of June our No. 1 Northern wheat, f.o.b. the seaboard was \$1.97½ cents. We will take No. 2 Northern, because No. 1 Northern is a short grade.

No. 2 Northern is \$1.94½ cents; One Hard Winter from Galveston, which would be suitable for the Indian purposes, is \$1.65¾ cents, and Two Hard Winter from New Orleans, which again would be suitable, is \$1.58¾ cents.

Those prices are only arrived at after the United States has paid their subsidy in order to permit the export. But, under the system that they operate, they would provide the funds to India, and India would enter the market and buy this wheat at the prevailing market price. So therefore they would obtain wheat at roughly 20 cents a bushel under the price that we are asking for our wheat and I do not think we could meet the Indian situation. Altogether apart from whatever arrangements are made regarding financing I do not believe it would be sound judgment for this board, in order to obtain some business from India, to break our price substantially, which is what it amounts to. If you break your price for India you have got to break it for your traditional customers—you cannot operate on a two-price system because if you do you will wreck your goodwill abroad.

Mr. GOUR (*Russell*): The same applies to any business—you cannot be straight and crooked.

The WITNESS: I did not suggest that—

Mr. GOUR (*Russell*): The same applies in any business.

Mr. TUCKER: In reference to Mr. Argue's question, I understand he does not like the suggestion over the television that they were advocating a "give away" program—

Mr. ARGUE: Not exclusively.

Mr. TUCKER: Part of the program would be a "give away" program. Naturally you want to sell all you can, and then you are going to give away all you can. I would like again to ask Mr. McIvor if he thinks he could sell very much wheat if everybody knows that when we are through selling we are going to consider giving it away? That is one thing I would like to ask. The next question is this: would this deal with India in which the American taxpayer or the American wheat farmers will not get a cent from India not amount, pretty well, to a "give away" program?

Mr. NICHOLSON: We are giving away under the Colombo plan.

The CHAIRMAN: For the sake of the reporter who is trying to take everything down, would members please ask their questions one at a time.

By Mr. Tucker:

Q. I am asking two questions: first if the policy advocated by the CCF is adopted—the policy of selling all you can and then proceeding to give away what remains—do you consider we are going to be able to sell very much wheat and, secondly, is the program the United States is carrying out in India not essentially a “give away” program?—A. I am going to answer your questions in reverse, if I may, and I will start with the last. First of all, we have to get down to the basic principles which lie behind these programs. There are three types of programs on which the United States has embarked. Number one—I think it is called PL 480; the number is not important—is the main program for the disposal of grain or other agricultural products against payment in the currency of the importing country, such currency not to be brought out of the country but to be used inside the country for certain projects—all kinds of projects, military and otherwise. Number two is the sale of grain against the import of certain strategic materials—barter, if you wish to call it that. Program number three is the provision of grain to deficit countries in a straight “give away” program. These are three types of program which are followed, with the addition of one other method—and I do not know in what classification this should be placed—the 40-year credit. That is the general approach which the Americans are pursuing. I do not know whether you can call them “give away” programs or not, but that is what they consist of. The straight gifts are, of course, made to deficit areas; money raised on the other program can be only used inside the purchasing country—it will not go back to the United States; and the third method is exchange for strategic materials.

Now, with regard to the Indian question plan No. 1 is the plan that will be used, as I understand it. The money will be used in India for the construction of dams and other works inside India.

Q. On that point, Mr. McIvor, so far as the United States taxpayer is concerned that is a “give away” program is it not? The taxpayer of the United States is getting no money for that wheat at all.—A. So far as the United States taxpayer is concerned he gets an investment in India without a share certificate—that is what it amounts to. He is buying goodwill there, in other words.

Whatever you call it, that is what he is getting. That will I think be the type of program which will be established with regard to India and which has been established with them.

Now, with regard to your first question Mr. Tucker, my fear is that if you start on this type of program the big problem is: whom do you give to? As far as the Americans are concerned I believe American wheat is going to the Netherlands, it is going to Switzerland, it is going to Norway; they are covering the globe. Frankly, I do not know what exceptions they are making—they may be making an exception in the case of the United Kingdom, but the difficulty—the practical difficulty—is, as I say, this: do you provide such a program for Norway and not for Sweden? Do you do it for Spain and not for Portugal. To my mind there are a great many problems growing up as a result of this policy which is being followed in the United States. Now, I said plenty on this subject yesterday and I do not know that there is much more I could say today.

MR. MANG: Could we not take the Indian rupees and distribute them here and have them exchanged through whatever exchange methods which exist? Could we not pay the farmers in Indian rupees?

MR. TUCKER: The terms are that those rupees are not to be taken out of the country. Those are the definite terms.

AN HON. MEMBER: That was facetious.

Mr. TUCKER: It is not facetious. The terms are that when the United States shipped its wheat to India not a cent or rupee of payment comes out of India for that wheat; all the United States gets out of it is goodwill, if any, and I myself think they are not getting much of that.

By Mr. Argue:

Q. Mr. McIvor, I think that any program that may be followed, such as the one we in Canada adopted a few years ago under the Colombo plan of making certain grain available in exchange for local currency, and the speculative program of which we have been speaking today, can receive in return something which is much more important than dollars, and that is goodwill; and if you have 100 million bushels of wheat going into India to feed the people of India where, otherwise, in the absence of such a program that wheat could not go to India, I think that would be a good thing. I think wheat is produced for consumption and anything that can be done to see that the people of the world who need it are able to obtain that wheat is a good overriding policy. I would like to ask Mr. McIvor how Canada a few years ago operated a program of making some 10 or 15 million bushels of wheat available in exchange for local currency for the building of dams and so forth under the Colombo plan? I do not think the Americans are doing anything new; they might have learned from Canada how to do it.—A. I do not know who learned from whom, Mr. Argue. I am not too familiar with the workings of the Colombo plan but, as I understand it, that plan was just a system of the providing of gifts of money to these countries and the money was used for the purpose of providing grain or some other materials.

Now, I would just like to add this from the straight, narrow viewpoint of the Canadian Wheat Board. I do not know why I am arguing this way; we should be encouraging every outlet we can for wheat irrespective of the consequences, but I do feel that when we appear before this committee that we should point out as best we can what we think the pitfalls are and then, of course, if you have different viewpoints about it, we cannot help it, but I know you do not want me to agree with you just because it is going to help the sale of grain by the Canadian Wheat Board.

The CHAIRMAN: If I may be permitted this expression, I would not want the statement to go out and I am sure Mr. Argue would not either, that this country is not doing anything in India for the welfare of the Indian people because we do have a development program in India. On this whole question, if I may be permitted, is it not simply a question not so much of the scheme itself because originally under the other scheme when we gave wheat to India which is sold for local currency, as I see it, there would be no objection whatever if you could agree on the principle of price? If you could get the true price in local currency and, of course, you have to get paid by the treasury in that amount, then you can get the work done that is presently now being done in India paid with local currency but the difficulty here in this case to be able to do it, you would have to do it at a loss of 20 cents a bushel and as far as the Wheat Board is concerned, it is not good policy because of the difficulties that have been enumerated and rather than do it that way we would rather maintain our price and do the work that we do there on a different basis. That is the crux of the matter.

Mr. GOUR (*Russell*): Mr. Chairman, as Mr. Argue said a moment ago, to give away 100 million of wheat to have the goodwill of those people is worth something. We have not only to have their goodwill. If we give 100 million bushels to India there are many other countries we should give probably not 100 million but 50 million and maybe 150 million to another country. I think we should be proud that no country of the same population has done

more to help the underdeveloped countries than Canada has done not only before the war and during the war, but after the war. I think we should be proud of the Canadian people with a small population. We have got only 16 million; United States has got 165 million people.

Mr. TUCKER: The point is, Mr. Chairman, nobody suggests that we should not engage in a Colombo plan or a program to assist underdeveloped countries because we give that assistance as a program of assisting them because we feel it is the proper thing to do. That is one thing but to adopt a program in order to get rid of your wheat, that is another thing. That is what the C.C.F. are advocating, not that we do this as a program of helping people under such a plan as the Colombo plan but they say: "We have got a bunch of wheat, let us sell all we can and then adopt a program to give the rest of it away in whole or in part". If you adopt that program of giving wheat away in whole or in part, that is a different thing altogether from saying we are going to help these people. I protest against the C.C.F. continually mixing them together not because we say we object to our whole wheat marketing organization being upset and ruined by virtue of their proposal but because they say we are against giving help to underdeveloped countries.

Mr. ARGUE: That is nonsense.

Mr. TUCKER: Mixing the two together all the time.

Mr. ARGUE: You are mixed up.

By Mr. Nicholson:

Q. Mr. Chairman, I will take the committee down to South America for a change. I noted that a year ago the member for Qu'Appelle drew attention to the fact that the Canadian exports were down 10 per cent and there was rather an interesting discussion regarding some agreements with some of the Latin American countries. Mr. McIvor had some interesting comments, particular about Bolivia, Chile and Ecuador. I wonder if he could bring us up to date. The agreement with Ecuador is expiring this year, the one with Chile was a 1954 agreement for four years and at the same time he discussed an agreement with the Netherlands. This is page 68 of last year's committee. I wonder if Mr. McIvor could bring us up to date. I notice the sales to Ecuador are quite substantial but those to Bolivia and Chile seem to be insignificant.

Mr. MANG: What page is that on?

Mr. NICHOLSON: Page 67 and 68 last year.

The WITNESS: I will have to see if I can get the information for you, Mr. Nicholson. May I break in for a minute and give Mr. Argue the cars up until the 2nd of May. That is a date that you asked for, was it not?

By Mr. Argue:

Q. Yes.—A. August 1 to May 2, C.P.R. 92,462. For the same period a year ago 100,357. C.N.R. 87,586, for the same period a year ago, 85,204; Northern Alberta Railways, 8,040, for the same period a year ago, 9,734.

Q. Is this on the prairies?—A. The loadings of grain in Western Canada, yes.

By Mr. Nicholson:

Q. You have not the figures for the amount of grain on the farms for the previous year?—A. No, we have got to get quite a statistical department built up to do that.

Mr. DAVIDSON: I have them here but we are 10 million bushels out at the moment.

By Mr. Pommer:

Q. I would like to have this question clarified. I hear statements made continually and you see them in the press—they were made again today—as to wheat being sold for sterling. I thought that you, Mr. McIvor, made a statement on that yesterday. Would you clarify that? Have we ever had an opportunity to sell wheat in the last, say, two years for sterling?—A. We have never been asked to sell for sterling, Dr. Pommer, to my knowledge. The wheat is sold in the United Kingdom for sterling but the sterling is converted into dollars and the dollars are transferred to Canada.

By Mr. Nicholson:

Q. Have you had indication from Britain though that if Canada would increase her purchases from Britain of British goods that there would be a market for more wheat there?—A. Yes, that statement was made to me on several occasions in the United Kingdom. They say the more we can purchase from the United Kingdom the more dollars that will be available to them for the purchase of wheat and I must say that I agree with that 100 per cent. I think that the more we can buy from the United Kingdom the better off we will be.

By Mr. Mang:

Q. For example, Mr. McIvor, we can buy British cement for western Canada and sell our wheat to Britain instead of building a cement factory in western Canada?—A. Well, I do not know anything about the cement business.

The CHAIRMAN: Any other questions?

By Mr. Pommer:

Q. Let me just finish this. What I was interested in was the question of the pound sterling being accepted or that the British be prepared to buy wheat for sterling. I think probably your answer clarifies that unless you can clarify it in a different statement so that the public and our organizations throughout the country in western Canada do not continue to promote that idea and sell it to the producers?—A. Well, you see, it is very difficult sometimes for people to accept these statements. I think it was a year ago that the British Trade Commissioner was in Saskatoon and told farmers gathered there that it would not make any difference if wheat was sold for sterling. I do not know his exact words. I remember reading about it—I was not there—I have been told in London by high placed British officials that their desire and wish is to tidy up their sterling situation abroad and they have got a balance sheet just like any other country and they do not want to get more sterling balance away from the United Kingdom, they want to get less; in other words, they want to get their financial house more in order. I am not a financial expert, I can only repeat what has been said to me in London.

By Mr. Quelch:

Q. You only sell for dollars, do you not?—A. Yes, as far as we are concerned.

Q. You have said that you have heard it said in London that if we bought more from Britain thereby supplying them with dollars, they might be in the position to buy more from us?—A. Yes, they have said that.

Q. If that is the case there would be an advantage in our accepting from Britain non-convertible sterling to be used for the purchase of British goods to the extent necessary to balance our trade with that country. At the present time, we have a balance of around \$300 million if we accepted sterling on the understanding that that sterling would be used to buy goods from Britain for the purpose of balancing trade, there would be no objection I presume but

I agree that does not come within your sphere. If that program has to be initiated, it has to be done at government level and therefore I have not mentioned it in this argument because it is not in your field at all.—A. I am afraid I am over my head now, Mr. Quelch.

Q. You remember last year this matter was brought out in the Banking Committee and I asked that question of Towers. I reminded Mr. Towers that a few British officials had said that if we should buy more British goods then Britain would buy more from us. Mr. Towers pooh-poohed the idea and said there was nothing to it. It might be all right to make that sort of statement regarding some men for want of something better to say, but now, we have had a statement from one of Canada's leading business men Mr. Duncan of Massey-Harris-Ferguson who says that Britain would buy more from us if Britain had the dollars and he further said there are many British goods that we could buy in Britain that are suitable to Canada. Therefore, it seems to me the logical thing in that case would be to accept sterling that was non-convertible and that would be left in Britain and used to buy British goods. I have suggested that could be done to the extent necessary to bring trade between Britain and Canada in balance. I believe if that was done it would encourage Britain to buy more goods from Canada because they would know that it would be working to balance things out.

The CHAIRMAN: I do not think the one follows the other though that the United Kingdom would buy more if they could sell more to Canada. That is one argument, but the other that we accept sterling to export goods to Britain does not necessarily follow. Actually, they are two distinct and very different propositions altogether.

Mr. QUELCH: It would not be, provided it was understood that that sterling would be spent on goods from Britain and that there would not be a demand from Canada to convert that sterling into dollars. I agree Britain does not want us to accumulate a sterling balance in Britain which might at any time lead to a demand for dollars held by Britain, but as long as the sterling is held in Britain to buy British goods to the extent that it will balance our trade, I do not think there would be any difficulty. That was the attitude taken by the London Chamber of Commerce sometime ago.

Mr. TUCKER: But no responsible party in Britain is willing to advocate more blocked sterling. The blocked sterling situation with India has been a drag around Great Britain's neck ever since the war and the attitude is to get that blocked sterling cleared up and on no account accumulate more blocked sterling. No responsible party will advocate additional blocked sterling.

Mr. QUELCH: For the reason only that that might lead to a demand for dollars.

Mr. TUCKER: All this blocked sterling handled by India must be spent with Britain but it is what they call a demand for exports from Great Britain. That is what they call unrequited exports and it has been a bedevilling situation to the British since the war.

Mr. QUELCH: The British are advocating that very thing as far as Canada is concerned.

Mr. TUCKER: No responsible party in Great Britain are advocating it.

Mr. QUELCH: Would you suggest the London Chamber of Commerce are not responsible?

Mr. TUCKER: The responsible parties in Great Britain are the Labour party and the Conservative party and neither is advocating it.

The CHAIRMAN: I am sorry that I must interrupt. I am just as guilty because I myself was in on the discussion. Might we now get back to the report and the discussion relating to the Canadian Wheat Board.

By Mr. Castleden:

Q. I would like to have an explanation with respect to the situation in Egypt. Two years ago we sold almost 14 million bushels to Egypt. Last year it was down considerably, and this year there is none at all. In fact, our total exports to Africa were just over 70. Would you explain what has happened to the Egypt market and why we have lost it?—A. We sent our own people to Cairo to look into that situation. Again, the Americans were selling at a large discount under our price, but we had hoped that we might be able to compete with them by the sale of No. 5 wheat which would be somewhere in range of the price which they were offering. But the Egyptians decided to purchase American wheat at a substantial discount under P.L. 480 which is the law providing for the acceptance of Egyptian currency within Egypt.

Q. It was probably the same story with respect to India?—A. Yes. We were very anxious to hold the Egyptian market and sent two men to Cairo. They spent a week there trying to persuade the Egyptians to take our wheat, but we lost out on a price basis.

Q. That was not considered a violation of the International Wheat Agreement?—A. No. It was still within the range; it was still within the International Wheat Agreement and yet lower than our price.

Q. Have you any idea what grade of wheat they were selling?—A. Two Hard Winter, as I remember it, from the gulf, or perhaps two Red Winter.

By Mr. McCullough (Moose Mountain):

Q. In the various countries where wheat is highly subsidized, is the reason partly because of the price of Canadian wheat or is there some other important reason?—A. I do not think that it has anything to do with the price of Canadian wheat. I think it is a political situation purely within the country involved. For example, Italy which does not buy a great deal of Canadian wheat usually has a trade arrangement with the Argentine, and has a very high home price. Western Germany has a high home price and we do a big business with Germany, and we have never had any complaints from them about price. I do not think it has anything to do with price.

By Mr. Blackmore:

Q. Would you tell us what you mean by "it"? "I do not think it has anything to do with price."—A. The internal policy of Italy, Germany or Switzerland. For example, when you go, as I have done, to Switzerland—and certainly Switzerland is a wonderful customer for Canada—when you see a farm which almost goes straight up a mountainside you realize that they have \$3.50 a bushel for wheat. Involved in all these countries is a certain political consideration which enters into it—and I do not mean that in the narrow sense—plus the fact that they all have a fear of what might happen at some time in the future and they want to have home supply.

By Mr. McCullough (Moose Mountain):

Q. In your concluding remarks you stated the economic reason for these countries perhaps having a method of subsidizing their farmers for home grain production. I think that that would possibly be true in Great Britain, would it not, where perhaps they are trying to make themselves somewhat more self-sufficient; but is there not a problem involved in the selling of our wheat

on the basis of trade exchange, which is perhaps outside the scope of your authority, which has not been dealt with too effectively? In other words, after all, trade is a two-way street and there must be some of these countries whose economies necessitate the production of home-grown grains simply because of trade difficulties. Have you found the situation when you go to a country and say, "our policy is to sell for cash", where you are told by the officials of that country that unless they can export to your country that they cannot do business with you. Do you find some of those situations arising?—A. There cannot be any difference of opinion between you and I on that question. As far as I am concerned I am advocating every day in the year greater importation from these countries in order that we can sell them more of our commodities. I was very pleased when I went to Japan to find out that there had been such a favourable change in the Japanese trade balance with Canada which undoubtedly has helped in the sale of our grain.

By Mr. Weselak:

Q. I notice that there is a 12 million decrease in the Japanese imports of wheat. That I understand is due to the same law, Public Law 480, where the Americans left the money there for the military installations and development of the Japanese agricultural economy.—A. We actually maintained our position in Japan but the previous year there was a very short crop due to bad floods—in the 1953-54 year. As to imports into Japan, Canada did maintain her position.

Q. 28 million is the average?—A. Yes. I am pleased to say that I think we will be able to keep it up this year.

By Mr. McCullough (Moose Mountain):

Q. Would you have the figures of the trade balances between Japan and Canada?—A. No. I am sorry. I did have them when I was over there.

By Mr. Nicholson:

Q. Would you say a word about the question of shipments out of Churchill for this season?—A. They are very good.

Q. Are they the best ever?—A. I think you can say that without any question.

Q. Do you have the exact number of shipments which you expect out of Churchill?—A. I can give you this information but I do it with great reluctance because last year we had a ship which did not come in; but I do not mind giving you the information. The bookings out of Churchill for this season are 15,934,000 bushels, and last year Churchill shipped 13,078,000 bushels. There is an increase of almost 3 million bushels.

Item agreed to.

Item 9, 1954-55 pool account—oats.

THE WITNESS: Gentlemen, this is a section which deals with the handling of our oats. The first paragraph deals with board receipts; the second paragraph deals with the grade pattern of board receipts; then the pool receipts and sales; the transfer to the 1955-56 pool; the price basis of transfer; and then there is the statement on the oats account on page 17; when you come to page 18, there is the operating costs; and at the bottom of that page the payments; then on page 19, the comments on the marketing of oats.

Mr. Chairman, if there are any questions I will be pleased to answer them. You do not want me to read this?

THE CHAIRMAN: No. You might take the exhibit alone.

By Mr. McCullough (Moose Mountain):

Q. Would you please comment on the quota for barley and oats to the United States?—A. There is no quota at the present time.

Q. It has been completely lifted?—A. Yes.

By Mr. Nicholson:

Q. Earlier Mr. McIvor gave figures for the amount of oats on the farms in March and May; there seemed to be quite a large volume. Have you comparable figures for a year ago?—A. I shall ask Mr. Davidson to give them to you. They are in his handwriting and I might not be too sure of them.

The CHAIRMAN: Do you want to hear them read now, or may we table them for the record?

Mr. NICHOLSON: I would like to have them read now.

Mr. DAVIDSON: Taking the corresponding questionnaire in 1954-55 and the deliverable position as at June 15 a year ago, the quantity of deliverable grain on farms was as follows: wheat, 149·4; oats, 15·1; barley, 27·3; rye, 8·7; flax, ·5. You must remember that on those figures the 1954 crop was a very small one, while the crop in 1955 was a very large one.

Mr. ARGUE: How much more is the net?

The WITNESS: About 100 million, all grains. As Mr. Davidson said, those figures for a year ago reflected the short crop of that year while the figures for this year reflected a much larger crop.

Mr. DAVIDSON: These are estimates of deliverable grain and we must not confuse them with farm stock figures which the Dominion Bureau of Statistics will be putting out, probably, at the end of July, and which include farm reserves for feed, seed, and so on. This is an estimate purely of the quantities that would be available for delivery.

The CHAIRMAN: That would be delivered. May we carry this?

Carried.

1954-55 pool account—barley; that is on page 20.

The WITNESS: The barley statements are similar to those for oats; first is the question of policy and board receipts; receipts by grade; sales of barley, pool; transfer to the 1955-56 pool; price basis of transfers; statement showing operating results and operating cost; that is on page 23, and the final survey of the final payments; that is on page 24, and general comments on the marketing of barley.

Perhaps, Mr. Chairman, I might make a few brief remarks at this point?

The CHAIRMAN: Very well.

The WITNESS: Our exports of malting barley to the United States have held up very, very well.

Last year they were lower than they will be this year because of the quality. But this year the quality is better and more suitable for United States maltsters. We will have an excellent year this year in regard to the export of malting barley to the United States.

In addition we will have some quite good sales to Europe and to Japan, but the thing I would like to emphasize really in regard to the handling of barley last year is the very remarkable export picture which you will find on page 25. There you will find the United Kingdom which in 1953-54 only took 19·6 million bushels of barley, took 48·5 million bushels in 1954-55.

By Mr. McCullough (Moose Mountain):

Q. Would it be mostly malting barley?—A. No, mostly feed barley. Our malting barley is not suitable for the United Kingdom market. They like a

special type of barley. They do not purchase Canadian malting barley to any extent, and they never have.

Then you find with respect to the United States that our exports for 1953-54 were 36.9 million, but they dropped to 19.1 in 1954-55 which was due to the poorer quality of our barley; a great deal of it was unacceptable to the American maltsters.

Then with respect to Japan our exports in 1953-54 which were 19.7 million dropped to 4.4 million which reflected the fact that Australian and American barley was made available to them which, as I stated yesterday, they find to be more suitable for their pressed barley as they call it, than our own barley.

I examined samples over there myself and I found that some types of American barley and their own home grown barley and Australian barley make a much whiter flake than Canadian barley. This barley is mixed with rice, so there is great interest in having it as white as possible so that it will not stand out when it is boiled.

By Mr. Castleden:

Q. You mean that we do not grow that type of barley or that we cannot grow it?—A. We have never been able to grow exactly that type. There is some of our barley which seems more suitable than our 3CW6, but it is true that the Canadian barley we have does not turn out as white a kernel as certain types of American and Australian barley.

Q. Most of our 3CW barley is malting?—A. I do not think the types are too different, but it is probably a climatic condition more than anything else.

By Mr. Nicholson:

Q. Would you comment on exports, and indicate if there are new countries coming into the picture?—A. Yes. Czechoslovakia has taken quite a bit of our Canadian barley this year.

Q. How is the picture in the current year going to compare with that of the previous year?—A. Our American exports are going to be very substantial this year. I think, when we get all through, they will compare favourably with the picture in 1953-54.

Our exports to the United Kingdom will be down from last year due largely to competition from American corn, Irakian barley, sorghum and other feeds.

As far as Japan is concerned I am dealing now with the present crop year as compared with the previous crop year, and I would hope that our exports will be up this year.

Q. And what about Germany?—A. Germany, I think, will be slightly higher than last year.

By Mr. McCullough (Moose Mountain):

Q. I would like it if you could give us the total exports and imports in connection with Canadian trade with Japan in the past two years. I still feel that there might be some element of trade difficulty entering into this whole picture of trade with Japan, and that the negotiations she has made may well be partly due to the fact that trade deals have been made with some of those other countries with which Japan has made progress and that perhaps we are gradually being squeezed out of the trade which we had with Japan.

I do not know the figures exactly, but if I recall it correctly, our trade with Japan was something like 318 million two years ago and we exported to Japan that amount and imported some 38 million.—A. It is not anything like that today. I have not got the figures here, but I do know this: that our

wheat business to Japan will be up this year, and I think that our barley business will be up a bit. I can assure you—because I have talked to the Barley Importers Association—that the only reason they are not taking barley from other than Canada is the price and quality factor. They have told me that. They are very friendly to Canada. All the officials that I have talked to there expressed themselves as being very pleased with the trend that had taken place in regard to Canadian trade with Japan. But, as I say, Mr. Chairman, you could probably get those figures.

The CHAIRMAN: Yes, it is easier to get those figures from the Department of Trade and Commerce, or from the Bureau of Statistics.

By Mr. Argue:

Q. Mr. McIvor, as you pointed out, this table shows a very drastic reduction in the sale of Canadian barley to Japan. I can remember Mr. Riddel, I think it was who, two or three years ago, appearing before this committee, pointed out at that time that he made a tour over there, and he found that the prospects for the sale of Canadian barley in Japan were excellent—that they were changing their diet to some extent. At that time, at any rate, he felt that Japan would provide a very substantial market, and a growing market for Canadian barley in the future. This other picture apparently has come in since then?—A. Yes. I think Mr. Argue, that when Mr. Riddel was there, this business was very much in its infancy stage.

It was hard to gauge the need properly, and I think he was quite right in saying that the prospects were excellent. They were. I am still not writing off that market. I do not want to do that, because I do think in time we will develop a type of barley in this country that will be more suitable.

Q. If, Mr. McIvor—A. I wonder if I might just go on, and then I will stop. The trend for the use of barley in Japan is going up. There is no doubt about that. But, when Mr. Robertson was there a year ago,—and he went out especially on the barley question,—he came back with exactly the same report that I am giving you today. Some of the barley that they are getting, I think from California and from Australia, is a better colour than our barley. They do not like our feed grades, because there is quite a loss in the cleaning of it. Feed barley does contain certain foreign materials. So, the type of barley that we have got to sell them is the malting barley type.

Now, as I mentioned yesterday, we have had a splendid market for malting barley in the United States. We might have sold more malting type of barley to Japan if we had wanted to cut the price to the competitive price of barley from Australia and from California. But, we felt that that was bad for business in view of the fact that we could sell barley to the United States, which is our traditional malting barley market at our full price.

Q. If Japan is likely to be a growing market for barley, and if the thing standing between the sale of our barley to Japan is the colour of our barley, do you know whether our experimental farm services are doing any plant breeding in order to develop the type of barley that will be suitable to the Japanese market? Have you discussed this with them? Our plant breeders have been very successful in getting improved types, rust-resistant types and so forth, and I think they should be able to do something along this line.—

A. We went further than that, Mr. Argue. After Mr. Robertson's report, we were concerned about this situation, and we brought to Canada a barley processing mission from Japan, at our expense, under that plan where we bring these groups to Canada. We had them go into all of the research laboratories and give all the advice that they could with regard to the type of barley that should be grown in western Canada for the Japanese market.

Q. Is the result of that being followed along by the Department of Agriculture?—A. Yes, I think it is. It is.

Q. I think it is very important.—A. Yes. We had that point very much in our minds. As I said earlier, we are not going to lose that market without a fight, I can tell you that. Because, for the future it is a very good market.

The CHAIRMAN: Is this carried?

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Then the next is the payment division on page 26.

The WITNESS: This, Mr. Chairman, just shows the various major payments completed during the crop year 1954-55. I would like to say that I think our payment department is operating on a very efficient basis. We are now getting out 30,000 cheques a day when we are making our payments.

By Mr. Tucker:

Q. Might I suggest, Mr. McIvor, that whenever an announcement is made of any payment by the Wheat Board, could it be emphasized that this money belongs to the farmer, and that it is not being paid by the taxpayers of Canada? Because, I have been very surprised down here by the number of people who think that it is the government that is paying the money, whenever they hear of a payment being made on wheat, oats, or barley. I think that a special effort should be made to make sure that it is understood that these payments are being made by you as an agent of the farmer, from the sale of his grain? —A. Up until a few months ago we might have put a little slip in with the payment, but that is a little more complicated today.

Q. We just take it for granted, because we know it so well. But, it is surprising to me the number of people that seem to think, when they hear that a further payment is being made by the Wheat Board, that it is being paid by the taxpayer of Canada. I think it would be worth while, when it is being announced to have it made very plain that it is the farmer's money that is being paid out.

Mr. MANG: Of course, in reference to that slip, Mr. McIvor, we could put in that 32 million from the dominion government.

By Mr. Argue:

Q. What is your cost per cheque per payment?—A. Do you know what it is?

Mr. DAVIDSON: Not offhand, but I can get that.

The CHAIRMAN: Do you mean the actual cost for the issuance of the cheque?

Mr. ARGUE: How much does it cost to make a payment—how much per producer for each payment? I have heard the figure quoted. I do not know where it came from.

Mr. DAVIDSON: That figure was given last year. I think it is in last year's evidence somewhere.

The WITNESS: Yes. I think Mr. Earle gave that information last year. We are now trying to work out a plan to have a different type of cheque. We are just in the midst of that experiment. It will make a saving as far as the payments are concerned.

By Mr. Quelch:

Q. Are you also considering changing over from a bushel basis to a 100-pound basis?—A. No, we are not.

Q. I got a circular the other day to the effect that you were considering it. It was signed by the Wheat Board.—A. I do not think so. As far as we are concerned we could change to any basis. It would not be complicated.

Q. I got a circular the other day, and I understood it came from the Wheat Board.

The CHAIRMAN: It was not the Wheat Board, it was another organization.

By Mr. Quelch:

Q. What organization was it?—A. Was it not one of the pools, or the United Grain Growers? I do not remember.

The CHAIRMAN: That was a slip-up.

The WITNESS: Mr. Davidson says it might have had something to do with our mill accounting.

The CHAIRMAN: No, no. It was another organization.

Shall we carry this? If so, we will proceed to the legal department. If there is no discussion on that we will proceed to the staff and officers.

By Mr. Castleden:

Q. I was just wondering what your present overseas sales staff was?—A. In the London office we have four people. We are opening an office in Rotterdam in which we will probably have two people. We are closing the office in Washington, because we find that under the present conditions that apply we can work very well through Dr. Hopper there in our embassy.

But, in addition to that, and I think it was the former president of the Farmer's Union who referred to the fact that we only had three salesmen. Now, of course that is not right. We have, I think almost constantly, our salesmen on the way to some particular market.

There is a great advantage in having someone go from the head office, because they are familiar with the immediate situation. They are in a much better position to deal than somebody who is away from the head office. So, we never hesitate to send people immediately to inquire into developments from the trade commissioner or anybody else.

By Mr. Mang:

Q. Does the sales staff in Great Britain, Mr. McIvor, deal directly with your staff in London, or what are the relations there?—A. I would say there are no relations. There is a Liverpool corn exchange. Mr. Lawrie goes to Liverpool once in a while and is on a very friendly basis with the trade in Liverpool as distinct from the futures market. We do not use the Liverpool futures market.

Mr. Lawrie has contacts with the trade in London. He is talking to them every day on the telephone. Mr. Boxer will be, I think, covering pretty well most of the countries in Europe from Rotterdam constantly. That will be his job, to call on mills and to see what problems they have in order that we keep their problems before us.

In my judgment there is not any contact like personal contact. I think this recent trip to Japan indicates the value of getting to people and talking to them on their own home grounds. We never hesitate to do so. Those contacts cost a little money in travelling expenses, but on the whole it is very, very small compared to the results.

Q. The reason I asked that, Mr. McIvor, is because in travelling around the country, occasionally you hear references to the relations between our Wheat Board and the Liverpool Corn Exchange and so on and I thought that I had an opportunity to ask you directly where those relations stand, and how you work them.—A. Our interest in the Liverpool Corn Exchange, and the mills' buyers has to do with the members of the exchange and it is to try to interest them in purchasing Canadian wheat.

Q. You do business with them?—A. Yes.

By Mr. Nicholson:

Q. Have you considered having a man at the Rome headquarters of the F.A.O.?—A. I think it would be a waste of money, Mr. Nicholson, at the present time. You see, you can overdo this thing. You could have people all over the country spending your money and not accomplishing anything as far as the Board is concerned. Lawrie goes to Rome three or four times a year. Italy is a difficult market, because they have such a huge production at home. But, we do quite a satisfactory share of the business with Italy. Mr. Lawrie goes there. Our trade commissioners are very active, and the minute there is any interest shown in grain, they communicate with Lawrie and he gets on a plane and flies over to discuss the situation with them. But, having somebody there just for the purpose of getting statistics from F.A.O. I think would be just a waste of money.

Mr. CASTLEDEN: There is a job. We probably have the best wheat commodity in the world and we should be out selling it.

The CHAIRMAN: Of course we are.

Mr. CASTLEDEN: Our loss of markets is alarming to a good many people. The decline in our markets to several countries has alarmed people. They were wondering whether or not the sales staff of the Wheat Board was being sent out after we lose the market, or was there somebody there to keep it alive and keep it growing. If we had known the trend, for instance, in Japan towards the use of barley as a food, rather than wheat, we might have been advised ahead of time, or known ahead of time what was happening.—A. We have had four missions in Japan over two years.

Q. For two years?—A. Yes. We are constantly in touch with the market. I just got home from there, and I am satisfied somebody will be going there in the fall. We have had three missions from Japan that toured through this country in the last two years. If ever a market has been worked, it is the Japanese market, by the Canadian Wheat Board. We are getting results.

Now, you talk about the loss of markets. I do not care what market you care to bring up, I think I can say to you that we have been in contact with that market, and the reason that this particular market was lost was for one of the reasons which has been mentioned here this afternoon, and it is completely beyond our control.

Mr. MANG: Mr. Chairman, I have heard it suggested that we should add to the Wheat Board's staff some brilliant young salesmen, and just flood the markets of the world where wheat would be bought, and in that way give assistance to the Wheat Board. I am bringing this up for my own personal reasons but because I pick it up in the country, and I have got to have an answer. Question number two—and you have already emphasized this, I know—is: in what positive way are the trade commissioners in the Department of Trade and Commerce of assistance to you? That is very important from the viewpoint of the country.—A. I would like to deal with your first question first and say that the worst thing that the Wheat Board could do would be to employ salesmen to run around the world and try to force wheat down peoples' throats. I cannot think of anything that would break our price quicker. Why, they would just sit back and laugh at you and wait for you. There is such a thing, however, as aggressive salesmanship where there is a demand and that is the policy we follow.

With regard to your second question I would like to pay a tribute to our trade commissioners. I have never been to any place in the tours I have made—and I have made a great many of them—where I have not found the greatest interest shown by our trade commissioners in the sale of our wheat. Bill Van Vliet, who is present in this room, was in Bonn a few years ago when I went there and made a deal with the Germans. He devoted his entire time for

a solid week to getting me information as to what was going on and keeping in touch with the responsible German officials. The results were satisfactory. That sort of thing goes on all the time. On my trip to Japan everything was laid on by the trade commissioner before I got off the aircraft. We were there for 10 days, and that took a month of study and work on the trade commissioner's part to accomplish. The same applied in Hong Kong and the same in the Philippines and I am personally very proud of the type of trade commissioner we have representing Canada.

Q. I want to thank you very much for that answer because I have been surprised at the people in some organizations—people of whom I expected better—who utter just the sentiments that I have brought to your attention now.—A. I will say without fear of contradiction that the type of young men we have abroad representing Canada is just the finest you could possibly have wherever you go.

Paragraph 15 carried.

Paragraph 16—Advisory Committee carried.

Mr. ARGUE: Mr. Chairman, we have now completed part one and I think we have done a good afternoon's work. This might be a proper point at which to adjourn.

The CHAIRMAN: Very well, we will adjourn until tomorrow at 10.30 in this room.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

Report of The Canadian Wheat Board for the Crop Year 1954-55
and
Report of The Board of Grain Commissioners for Canada for 1955

THURSDAY, JULY 5, 1956

WITNESSES:

Mr. M. W. Sharp, Associate Deputy Minister of Trade and Commerce.
From The Canadian Wheat Board: Mr. George McIvor, Chief Commissioner; and Mr. C. B. Davidson, Secretary.
From the Board of Grain Commissioners for Canada: Mr. R. W. Milner, Commissioner and Transport Controller; Mr. W. J. McLeod, Secretary; Mr. E. E. Baxter, Chief Statistician; and Mr. A. F. Dollery, Chief Grain Inspector.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.,

and

Messrs.

Anderson	Harkness	Montgomery
Argue	Harrison	Murphy (<i>Westmorland</i>)
Batten	Huffman	Nicholson
Blackmore	James	Perron
Boucher (<i>Chateauguay-</i> <i>Huntingdon-</i> <i>Laprairie</i>)	Kickham	Pommer
Bruneau	Kirk (<i>Antigonish-</i> <i>Guysborough</i>)	Proudfoot
Bryce	Laflamme	Purdy
Cardiff	Leboe	Quelch
Castleden	Legare	Roberge
Charlton	Lusby	Robinson (<i>Bruce</i>)
Clark	MacKenzie	Schneider
Decore	MacLean	Smith (<i>Battle River-</i> <i>Camrose</i>)
Demers	Mang	Stanton
Deslières	Masse	Thatcher
Diefenbaker,	Matheson	Tucker
Dinsdale	McBain	Villeneuve
Fontaine	McCubbin	Weselak
Forgie	McCullough (<i>Moose</i> <i>Mountain</i>)	White (<i>Middlesex East</i>)
Gingras	Menard	White (<i>Waterloo</i> <i>South</i>)—60.
Gour (<i>Russell</i>).	Michaud	

(Quorum 15)

E. W. Innes,
Clerk of the Committee.

NOTE: The name of Mr. Johnson (*Kindersley*) was substituted for that of Mr. Castleden after the morning sitting.

ORDER OF REFERENCE

THURSDAY, July 5, 1956.

Ordered,—That the name of Mr. Johnson (*Kindersley*) be substituted for that of Mr. Castleden on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

THURSDAY, July 5, 1956.
(12)

The Standing Committee on Agriculture and Colonization met at 10.30 a.m. this day. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Blackmore, Deslieres, Gingras, Jutras, Kickham, Kirk (*Antigonish-Guysborough*), Legare, MacKenzie, Mang, Matheson, McBain, McCullough (*Moose Mountain*), Menard, Nicholson, Pommer, Purdy, Quelch, Roberge, Schneider, Smith (*Battle River-Camrose*), Tucker, Weselak and White (*Middlesex East*).

In attendance: Right Hon. C. D. Howe, Minister of Trade and Commerce; Mr. M. W. Sharp, Associate Deputy Minister of Trade and Commerce; *From The Canadian Wheat Board:* Mr. George McIvor, Chief Commissioner and Mr. C. B. Davidson, Secretary.

The Committee resumed consideration of the Annual Report of The Canadian Wheat Board for the Crop Year 1954-55, the officials of the Board supplying information thereon.

Part II of the Report—Financial Statement, (including Exhibits I to VII) was approved.

Part III—Auditors' Report was approved.

The Addenda to the Annual Report, containing statistical Tables I to XXIII, were approved.

The Committee proceeded to the consideration of the Supplementary Report of the Canadian Wheat Board on the 1954-55 Pool Account—Wheat.

The following Sections of the Supplementary Report were approved:

1. Total Receipts and Final Disposition—1954-55.
 Pool Account—Wheat
2. 1954-55 Pool Account—Wheat
3. Legislation
4. Implementing of the Temporary Wheat Reserves Act
5. Surplus for Distribution to Producers
6. Comments on the 1954-55 Pool Account—Wheat
7. Realized Prices
8. Board Quoted Prices—1954-55 Pool
9. Exports
10. General Comments
11. Statement of Operations (including Exhibit I) and Auditors' Report.

The Chairman placed on the record certain communications received from various organizations in reply to an invitation which had been extended to them to appear before the Committee.

On motion of Mr. Pommer, seconded by Mr. Argue,—

Resolved,—That a vote of thanks be extended to Mr. McIvor and Mr. Davidson for their co-operation and assistance to the Committee.

The officials of the Canadian Wheat Board were permitted to retire.

Mr. Sharp was called. He made a brief statement on his recent visit to the U.S.S.R., and was further questioned and retired.

At 12.50 p.m. the Committee adjourned until 3.00 p.m. this day.

AFTERNOON SITTING

The Standing Committee on Agriculture and Colonization resumed at 3.00 p.m. this day, the Chairman, Mr. Jutras, presiding.

Members present: Messrs. Argue, Blackmore, Charlton, Deslieries, Gour (Russell); James, Johnson (*Kindersley*), Jutras, Legare, MacKenzie, Mang Matheson, McCullough (*Moose Mountain*), Menard, Nicholson, Pommer, Purdy, Quelch, Roberge, Schneider, Stanton, Tucker and Weselak.

In attendance: Right Hon. C. D. Howe, Minister of Trade and Commerce. *From the Board of Grain Commissioners for Canada:* Mr. R. W. Milner, Commissioner and Transport Controller; Mr. W. J. McLeod, Secretary; Mr. E. E. Baxter, Chief Statistician; Mr. A. F. Dollery, Chief Grain Inspector.

The Committee proceeded to the consideration of the 1955 Report of the Board of Grain Commissioners for Canada, Mr. Milner commented briefly on each section of the Report assisted by the other officials of the Board and supplied additional information thereon.

The following Sections of the Report (*together with the related Appendices and Tables*) were approved:

1. Grain Supplies and Disposition—Crop Year 1954-55
2. Marketings
3. Terminal and Eastern Elevator Handlings
4. Exports
5. Domestic
6. Carry-over
7. Licensing and Bonding
8. Assistant Commissioners
9. Prosecutions
10. Shortages and Overages, Country Elevators
11. Cars out of Turn
12. Regulations and Orders
13. Committees on Grain Standards
14. Inspection of Grain
15. Grain Research Laboratory
16. Weighing of Grain
17. Weighover of Stocks, Terminal and Eastern Elevators
18. Terminal and Eastern Complaints
19. Complaints on Export Shipments
20. Statistics
21. Information Program
22. Canadian Government Elevators
23. Lake Freight Rates
24. Prairie Farm Assistance Act
25. Organization and Personnel
26. Expenditure and Revenue

At 5.15 p.m. the Committee adjourned until 11.30 a.m. Friday, July 6.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

July 5, 1956,
10.30 A.M.

The CHAIRMAN: Well, gentlemen, we have a quorum. We just completed the first part of the report yesterday so we will go to the financial statement on page 29. I think the financial statement will have to be taken all in one piece since it has got a balance sheet at the end. Let us take page 29 to page 35 inclusive. Any questions on the financial statement?

Mr. George H. McIvor, Chairman, Canadian Wheat Board, called:

By Mr. Blackmore:

Q. Would Mr. McIvor care to make a statement on it?—A. Well, I really have not any statement to make, Mr. Blackmore. We have not our comptroller here with us. He is very busy. If there are any questions anybody would like to ask I think we can deal with them; we have the necessary material here to deal with them.

By Mr. McCullough (Moose Mountain):

Q. Would you indicate, Mr. McIvor, the comparison of the payments made under the current crop year and the previous year for the first six months to the farmers?—A. Do you mean the total payments?

Q. What I was trying to get at is the difference in the amounts received by farmers, received per bushel in each year?—A. If you turn to the supplementary report, section 7 gives the payment this year on wheat and I will have to get the previous year. Can you leave that, Mr. McCullough, if you do not mind? I will give you that information as soon as we get it.

The CHAIRMAN: Shall we carry this?

Financial statement agreed to.

Let us go to exhibit No. 1 which is the "Consolidated Balance Sheet".
Carried?

Item agreed to.

Exhibit II, "Statement of Operations" which is very much the same.

By Mr. Argue:

Q. Mr. Chairman, on exhibit II, I have a question I would like to ask. One is asked this question very often in the country as to what the cost of the Wheat Board is to producers and I find that there is a great misconception as to the cost of operations of the Canadian Wheat Board and whenever I have been asked that question at a public meeting I have pointed out that the administrative costs of the Canadian Wheat Board have been in the neighbourhood of a half a cent a bushel for the grain handled and that that is an insignificant price for the producers to pay for the administrative and operating costs of the Canadian Wheat Board. I want to at this time commend the Wheat Board for its general operations and for the fact that it has been able to keep its administrative costs low and when you compare the low administrative costs to the inestimable value of the Canadian Wheat Board

to the producer, it is one of the best bargains, in my opinion, that farmers have ever received. I would like to ask Mr. McIvor in this crop year what the administrative costs have been per bushel of grain?—A. On page 5 of the supplementary report, administrative and general expenses are .583 cents, per bushel, Mr. Argue. We have been able to keep our administrative costs very closely in that range. Our administrative costs, of course, are very definitely related to the volume of business handled. We can handle with our staff a larger volume of business and it cuts down the administrative costs on a per bushel basis but the costs have been in the range of about .45 up to, as you said, in the neighbourhood of .50 per bushel—very closely in that range.

By Mr. McCullough (Moose Mountain):

Q. Mr. Chairman, I would like to ask Mr. McIvor, in respect of the use of money what interest rate do you pay? Do you get your money direct from the Bank of Canada or what method is used to obtain money for the Canadian Wheat Board?—A. The money that we borrow we borrow from the chartered banks. We have a line of credit with the chartered banks which is guaranteed by the Canadian government and at the present time the interest rate is 3 per cent. On the money that is borrowed by the companies for grain carried in the country the rate is $3\frac{3}{4}$ per cent. There is a $\frac{3}{4}$ of 1 per cent spread in the rate.

By Mr. Quelch:

Q. Has there been any increase lately as a result of the bank rates going up?—A. A year ago, the rate was decreased from $3\frac{1}{4}$ to 3 per cent. There have been no increases lately. I do not know what the future holds in store.

By Mr. Pommer:

Q. That is at the present time you are still paying 3 per cent?—A. Yes.

By Mr. McCullough (Moose Mountain):

Q. Would you have any knowledge as to the amount of the cost that borrowing of money means to the operation of your board?—A. Yes, that is contained in our supplementary report on wheat. If you refer to page 2 of the supplementary report the net interest, exchange and bank charges on wheat are \$7,077,546.26, that is, for the period of time in which it was required to market the crop, that is, from August 1, 1954, to the closing date of the pool May 4, 1956.

In addition to that, the carrying charge rate which is paid to the elevator companies is a composite rate which includes storage and interest. That is not shown separately as far as the grain stored in the country elevators is concerned.

Q. In respect of your statement on that same page, Mr. McIvor, the drying charges amount to \$190,000 in the report, would that be much less than the year before? Can you give us the figure for the previous crop year?—A. The last two crops were fairly dry crops. As soon as I get the previous year's report I will give you the figure for the previous year. I would think it would be somewhat in line, the two years.

By Mr. Nicholson:

Q. Mr. Chairman, regarding the administrative and general expenses, this amount does not appear to be too much for an organization that does the work that this Board does. Yesterday the question was raised regarding the possible threat of the U.S.S.R. Mr. McIvor may not have been to the U.S.S.R.

but I find that the Searle Grain Company, for example, in their letter of January 25, devoted a whole issue to discussing the possible threat to Canada of recent developments in Russia. They point out that in the early part of the century, Russia and the United States were the principal exporters and they also draw attention to the fact that Russia is bringing into production 75 million acres of new land and of this amount they are going to have an extra 27 million acres producing wheat and they are going to have more additional acres in wheat than we have in wheat altogether. It would appear to me that an organization like the Wheat Board should be studying the situation. If the Searle Grain Company have statistical service, I understand that the Minister of Trade and Commerce does put out a wheat review which devotes some space to the international situation and we do not want to have duplication but it appears to me that the Wheat Board itself should have as good information as the Searle Grain Company.

Right Hon. Mr. HOWE: The Department of Trade and Commerce works as a team. The gentleman on my left has been in Russia within the last three months. I think we are as well posted as the Searle Grain Company.

The WITNESS: I will say this, Mr. Nicholson. We will not take a back seat to anyone in the grain trade, Searle Grain Company or anyone else as far as our statistical information is concerned. We have an excellent statistical department. Whether we would want to incorporate in our annual report any special reference to the activities of any particular exporting country, is a matter of policy, but if you refer to the back of our annual report there is not any report put out that has a group of statistics like those incorporated in this report.

By Mr. Nicholson:

Q. I am complaining about the fact that yesterday the information we got from Mr. McIvor indicated we had pretty scanty information regarding the wheat situation in Russia and the Searle Grain Company had a very good report on January 25, giving a lot of statistical information regarding their developments in Russia and I would think that the Wheat Board should have at least as good information.—A. Far be it from me to criticize the Searle Grain Company but we would certainly have to have more detailed information than is available to the world from the U.S.S.R. before we put out statistics of that kind. I think a lot of it is pure surmise.

Mr. TUCKER: I wonder if the minister could give us some of the information obtained from Mr. Sharp?

Right Hon. Mr. HOWE: Well, Mr. Sharp is here if you would like to hear him. Perhaps we had better finish with Mr. McIvor first.

Mr. NICHOLSON: Well, it fits in with what we are talking about now.

Right Hon. Mr. HOWE: We want to make this discussion move a little faster than the House of Commons. Let us finish with one witness at a time.

Mr. MANG: Why cannot we hear him now?

Right Hon. Mr. HOWE: Well, Mr. McIvor's time is valuable.

The CHAIRMAN: Can we carry this?

Item agreed to.

Exhibit III, "Statement of Operations 1954-55 Pool Account—Oats".

Item agreed to.

Exhibit IV, "Statement of Operations 1954-1955 Pool Account—Barley".

Item agreed to.

Exhibit V, "Statement of Payments to Producers".

Item agreed to.

Exhibit VI "Statement of Provisions for Final Payment Expenses".

Item agreed to.

Exhibit VII, "Schedule of Administration and General Expenses".

Item agreed to.

The WITNESS: There is one item, Mr. Chairman, I would like to make reference to there. There has been a good deal of discussion about the Wheat Board getting around the world.

By Mr. Argue:

Q. What page is that?—A. I am sorry, exhibit VII, in the regular report. I want to point out we spent almost \$39,000 on travelling expenses in that crop year.

The CHAIRMAN: "Auditor's Report, Part III".

Item agreed to.

Then there is the statistical information and various tables which goes to

23. Are they all carried?

Item agreed to.

I guess that disposes of the report. We will go to the supplementary report 1954-55, total receipts and final disposition of the 1954-55 pool account, wheat. Any questions on that?

By Mr. Smith (Battle River-Camrose):

Q. Mr. Chairman, I should like to ask a question. How many bushels of No. 4 wheat were marketed last year and how many bushels of No. 5?—A. If you refer to page 5 of the previous report the receipts from producers are shown and the receipts on No. 4 wheat were 40,923,000 or 12·9 per cent of the total and on No. 5 wheat, 61,384,000 or 19·1 per cent.

Q. My question is how many of those bushels were marketed in No. 4 and No. 5?—A. You mean sold?

Q. Yes.—A. All the No. 5 wheat has been sold and our No. 4 wheat is moving, as to actual stocks on hand I might point out, Mr. Chairman, that all of the No. 5 wheat has been sold.

The CHAIRMAN: Carried:

By Mr. Argue:

Q. Are we on item I, on page 1?

The CHAIRMAN: Pages 1 and 2.

By Mr. Argue:

Q. I wonder if Mr. McIvor could explain to the committee why this year the inventory was transferred at the market prices whereas last year a different method was used in transferring the inventory, namely, to deduct an allowance of 4½ cents per bushel on all grades for carrying charges as well as a further allowance of 7 cents per bushel on grades comprising about 11 per cent of last year's stock?—A. Yes, Mr. Argue, that is explained at page 1. If I may read the two last paragraphs in that section:

Total stocks transferred from the 1954-55 Pool to the 1955-56 Pool were 161,381,331·3 bushels. Of these stocks 112,004,122·1 bushels were covered by priced open sales contracts and were transferred to the 1955-56 Pool at contract prices. The remaining 49,377,209·2 bushels of unsold stocks (including unpriced open sales contracts) were transferred to the 1955-56 Pool at the Board's current market price on the date of the transfer, namely, \$1.75 per bushel basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver.

We made no allowance for carrying charges as explained there and we transferred those stocks at the current market price because in the first place the quantity of unsold grain was very much smaller than it had been the previous year and we did not think based on the prospective demand that the market risks were as great as they were in the previous year.

Q. Well, in your experience the previous year, did you experience any drop in price; in other words, you were somewhat cautious by taking off certain discounts?—A. I would say offhand that it worked out about right.

Q. You mean the price dropped after that to some extent?—A. The price dropped, but in the course of the liquidation of those first stocks I think the allowance that we made would take care of the eventualities.

The CHAIRMAN: Carried?

By Mr. McCullough (Moose Mountain):

Q. Mr. Chairman, I do not know if this would be the proper time to ask this question, but according to the Dominion Bureau of Statistics report it indicates that in March there was a carry-over of exportable supplies of wheat of 697,100,000 at March 1, almost 100 million more than the year's previous high of 599,300,000. Then it goes on to point out that the supply in the four major exporting countries indicated a rise of 4 per cent, namely, 2,148,900,000 over the previous year. Then it also indicates that as of March Canadian wheat stocks on the farm amounted to 403,760,000, sharply higher than the 286 million a year ago. The question is this: in view of the situation with large amounts of grain on farms exceeding even the previous year, can you say, Mr. McIvor, whether the marketing position will be such that the present crop coming off may be moved into positions and that the farmer may have a relative hope of getting a fairly decent quota this year?—A. I have not the faintest idea in the world to start with, what the present crop will be and I do not think anybody else has.

Q. Well, the normal crop?—A. If we have a moderate crop, I would say that the position, as we see it—in this business it is always difficult to forecast a month ahead let alone 12 months ahead, but I would say the prospective demand should provide for a good movement over the next 12 months and at the end of that time the position should be eased but I have no idea and no one else has as to what the crop will be.

Right Hon. Mr. HOWE: And besides we agreed we were not going to forecast any more, in view of the criticism we got for our forecasting last year.

By Mr. McCullough (Moose Mountain):

Q. Mr. McIvor, could you state the position of stocks on Canadian farms? Has it improved?—A. I gave it yesterday.

By Mr. Argue:

Q. Over a hundred million bushels, yes.—A. Yes, but the crop was some 2 million higher so relatively the position has improved. If I may say so one of the difficulties with the Wheat Board as a sales organization is that certainly last winter and last fall the pet subject of most of the newspapers in this country was the large stocks of wheat and they kept repeating it over and over again. I personally am a little pleased now that wheat is off the front page for the time being because it makes it difficult to have exaggerated ideas of the amount of wheat to be sold. I always personally try to be as constructive as I can on that particular point. It does not do any good in the world market to keep talking of huge surpluses of wheat in Canada.

Mr. MANG: That is a great topic in the House of Commons as well.

Right Hon. Mr. HOWE: The huge surplus.

By Mr. Tucker:

Q. Mr. Chairman, it has been suggested when there has been agitation and motions made in the house that we embark on some form of give-away or partial give-away. Does that interfere with your sale of grain?

Mr. ARGUE: That is a very dangerous question.

By Mr. Tucker:

Q. That has been stated and by you people laughed at. Now, we have got the man who can tell us whether that does interfere or not?—A. I am afraid I cannot tell you. The position is that as long as we do not do it, I do not think it is going to hurt us any because we have resisted it for a long time and I do not think the world feels we are going to get into that.

Q. In other words, you do not think the world takes seriously these suggestions made by the opposition?

Mr. ARGUE: Nobody takes the minister seriously.

The WITNESS: That is your comment, not mine.

The CHAIRMAN: Can we carry this?

By Mr. Nicholson:

Q. No. 5, the operating costs, it seems to me I have seen a breakdown on a per bushel basis, sometime?—A. I just gave that, Mr. Nicholson.

Q. Carrying charges per bushel?—A. Carrying charges, interest and administrative expenses.

Q. Per bushel?—A. Yes. That is on page 4. The carrying charges are on page 4 at the bottom of the page, an average of 13.7453 cents per bushel.

By Mr. Weselak:

Q. Was that before the Wheat Reserve Act?—A. Yes.

Mr. SMITH (*Battle River-Camrose*): Mr. Chairman, what page are you working on?

The CHAIRMAN: We are on pages 1 and 2.

By Mr. Argue:

Q. Mr. Chairman, I have one suggestion to make. I do not suppose it could be put in the form of a question but I would like to suggest to Mr. McIvor that everything possible be done to have the interim and final payments for each crop year made at a regular time. What I have in mind is this, that for quite a few years it was the practice for the interim payments to be made in a given crop year before seeding and the final payment for that crop year to be made a few months after the end of the crop year probably before the next calendar year and producers found that a very satisfactory method of having interim and final payments made and they could look forward when they harvested their crops to delivering the first quotas and then they could look forward within two or three months, probably about December, for the final payment of the previous crop and the next spring around March they could look forward to the interim payment on the current crop and so on. In other words, from the standpoint of the farmer payments were made on quite a regular basis and the farmer could plan his business much more readily. I realize the arguments against such a procedure, namely, the uncertainty of the market, the excessive stocks that have been on hand at various particular times and the argument that a former pool should not in any way have to compensate a current pool. However, it does seem to me that when grain is raised in a given crop year that it is raised for market in that particular crop year and that a setting of price for transfer at an early date, based on market conditions,

would be reasonably fair to everybody concerned. It also seems to me there is a greater opportunity to do this kind of thing now that we have an act to provide certain storage payments and at least to some extent bring in monies in addition to the current price received on the market. I realize this is government policy—if the minister and government would see fit to have the Wheat Board account for both the final and interim payment on a regular basis.

By Mr. Mang:

Q. Mr. Chairman, could not a situation arise due to market conditions where there simply would not be any interim payment, I mean going to the other extreme, if you set it for a certain date specifically?—A. Well, no one knows with any degree of certainty when the initial price is fixed as to whether you are going to be able to recover your initial price plus your carrying charges. I think it has always been the policy of the board in any recommendations made to the government, to try and be as conservative as possible in respect of initial price recommendations but there certainly is not any guarantee as to that position. One of the difficulties about this proposal is that under our act, it is provided that we must make the recommendation with regard to these payments in respect of the take-over and the take-over must be what we consider a reasonable amount to be taken over from one crop year to the other.

By Mr. Tucker:

Q. Is it not true, as suggested by Mr. Argue, that before this temporary wheat reserve act was passed, nothing whatever would be made as a final payment on number five wheat?—A. That is right. I have always at any time I have been talking to the farm organizations, taken the line with them that if it is their preference and desire to market their grain through a wheat board—and I think that is the case—that they should endorse the idea of a board being as careful as possible in regard to its initial payments because I think that if we ever got ourselves in a position where the initial payments were fixed too high or as a result of extra payments made the initial payments were too high, we would suffer a loss. I think it would give the board a very bad set up, and I hope we won't ever find ourselves in that position.

By Mr. Mang:

Q. Did you not find yourself in that position when you were head of the central selling agency of the wheat pool in 1929?—A. That is right; we did have that experience then.

By Mr. Argue:

Q. It is true, is it not, that in the last two years, perhaps, the farm organizations have very strongly recommended even in the face of some decline in the international price of wheat, a continuation of the regular initial price?—A. That is true, and there has not been any dispute on that point as far as the board is concerned between the farm organizations and ourselves.

Q. So the \$1.40 comes well within your conservative initial price, even if the price of wheat the Wheat Board receives has been \$1.70 a bushel.—A. We take market prices into account in our recommendation to the government.

Q. I would not like to see the Wheat Board lose money and naturally I hope the price of wheat on the international market stays up so that the Wheat Board can put out even larger intermediate and final payments; but I am concerned also with the producer getting a good price, and I maintain that he should get a good price even if the national treasury should have to pay some money into the Wheat Board fund—if you want to have it on a national

basis, going in and putting it in in advance as it did this year before the Wheat Board accounts are wound up; it paid in \$23 million which made the Wheat Board show that much additional surplus.

From the other side of the picture I think the producers themselves should be guaranteed an adequate price and I hope that I never see the day when the price of wheat goes lower than it is now to the producers, because the cost of farming today makes it very difficult for a producer to stay in business and make a living with the price of grain at the current level.—A. We take a certain amount of pride in the fact that since 1939—and we have handled billions of bushels of grain—that we have every year had a surplus in our operation. We feel that is a very strong point as far as the board is concerned.

The CHAIRMAN: Shall we carry this?

By Mr. Nicholson:

Q. I want to emphasize the fact that this administration item works out at just over one-half cent a bushel and I think it is pretty obvious that this is in the producers' interest to have a board that is operating so efficiently and keeping costs in mind. As the new crop year started yesterday, I wonder whether Mr. McIvor could give the committee some information regarding the quota picture for the new crop year?—A. We have not decided on our policy yet.

Q. Have you decided that you won't accept any more under the old quota after the end of July?—A. Yes and we will make an announcement just as soon as we can with regard to our quota policy.

By Mr. Tucker:

Q. Continuing along Mr. Argue's line, I think that he is not alone in hoping that the price of wheat will not go below its present price, and I would like to commend the Wheat Board very much for the list of attainments they have made in not selling our wheat at lower prices to outside markets, in the way which you explained yesterday, that if you got a certain market you would have to cut your price 20 cents in order to meet the competition from other countries, and that ultimately it would break the world price of wheat. I would like to say as far as I am concerned that I think it is the feeling of most farmers that they appreciate very much the careful way in which you have handled our wheat and that you have made a substantial contribution to the maintenance of world wheat prices, and that our farmers have benefited from that as well as the farmers over the whole world. I think that the Canadian Wheat Board through its steadfast policy and careful marketing, and by refusing to enter into a fire sale or give away policy is entitled to the gratitude of the producers of Canada and of the rest of the world too.

By Mr. Argue:

Q. Mr. Chairman, on the very important point that Mr. Tucker raised, I certainly want to agree with his statement that we are all appreciative of the fact that the Wheat Board has not entered into fire sale competition, cutting prices and so on. I think I have been one of the strongest advocates not only of the Wheat Board system but of the Wheat Board method of maintaining prices for the Canadian producers at the highest possible level consistent with the marketing of grain and there may at some time have been some difference between Mr. Tucker and me, but I am not one of those who have gone along with the private grain trade in advocating that the price of wheat be curtailed and we get back to the Winnipeg Grain Exchange and that sort of nonsense?—A. Well, Mr. Tucker and Mr. Argue, I feel it is my duty to say to this group in the presence of my minister that without his 100 per cent support at all times, such an achievement would not be possible.

Q. He is a powerful ally, I can tell you that.

The CHAIRMAN: Carried?

By Mr. Argue:

Q. Mr. Chairman, I am a bit puzzled by the method used in paying the \$23 million into the 1954-55 pool account for storage. I have the bill in front of me. I take it that the formula set out in clause 3 of the bill—I just do not understand to what extent there is flexibility in deciding how much of a given quantity of grain storage will be made and placed into the previous pool. I would like an explanation.—A. I am going to ask Mr. Davidson if he would deal with that.

Mr. C. B. DAVIDSON (*Secretary, Canadian Wheat Board*): Well, Mr. Argue, there is no specific formula in the legislation itself, and when we came to wind up the 1954-55 pool, we had to allocate the \$31,480,000 between the two crops which we were handling at the time, the 1954-55 and the 1955-56 crops. The basis is outlined on page 3:

Since wheat stocks in the 1954-55 Pool remained in excess of 216,694,791.9 bushels from August 1, 1955 until March 15, 1956, all funds accrued under the Temporary Wheat Reserves Act were applied to the 1954-55 Pool Account between these dates. From March 15th to the date of the closing of the 1954-55 Pool Account, funds were allocated to the 1954-55 Pool on the basis of its average wheat stocks for this period in relation to the total stocks of wheat upon which carrying charges were being paid under the Act. The balance of funds accruing from May 5, 1956 to July 31, 1956 are allocated to the 1955-56 Pool Account.

Now, in the administration of the act, the government was paying carrying charges on 216 million bushels, which is the difference between the average figure of 178 million bushels, that is the 15 year average, and the volume of wheat upon which the board was paying carrying charges as at August 1, 1955.

Q. Well, it says here: "Since wheat stocks in the 1954-55 pool remained in excess of 216,694,791.9 bushels from August 1, 1955 until March 15, 1956" That does not infer, does it, that after March 15 the excess was below 216 million?

Mr. DAVIDSON: Yes, in that period from March 15 to the closing of the pool on May 4 there was a division of the money received under the Temporary Wheat Reserves Act between the 1954-55 pool and the 1955-56.

Mr. ARGUE: But on March 16, 1956, the day after you did this business, wheat stocks remained in excess of 216 million bushels?

Mr. DAVIDSON: No, not in the 1954-55 pool.

Mr. ARGUE: Why, because of a transfer or because of sales?

Mr. DAVIDSON: Because of sales.

Mr. ARGUE: Well then you took the storage on the 216 million bushels for each day of the crop year up to March 15?

Mr. DAVIDSON: That is right.

Mr. ARGUE: Even though in that period there was a good deal of the time, if not nearly all of the time, in which that quantity was less because you were selling it; in other words, somebody has to under the act make a fairly arbitrary decision as to how these storage costs will be apportioned. The act provides that storage costs will be paid in this instance on 216 million bushels for a full year period irrespective of anything else that may happen but the apportionment between different crop years is the prerogative of the governor in council, I take it. They make the recommendation to the Wheat Board after consultation, I take it. I am not interested in the method.

Mr. DAVIDSON: Well, in this case the board recommended and the governor in council approved of the following allocation of these funds between the two amounts in the last paragraph and I should point out there that after May 5 all the wheat is in the 1955-56 pool and then all the funds until July 31 received under the Temporary Wheat Reserves Act would apply to that pool.

Mr. ARGUE: Plus any further amount in the following crop year when you come down to the point of allocation, that you may allocate into the then current pool?

Mr. DAVIDSON: That would not be a factor, of course, until August 1, 1956.

Mr. ARGUE: But at some time in the year there will have to be another division of the funds paid in 1956-57? On how many bushels of wheat is the payment to the producers of the \$23 million divided?

Mr. DAVIDSON: That would be the 318 million bushels received from producers in the 1954-55 pool.

Mr. ARGUE: In other words, there was over 7 cents paid into the account which, as Mr. Tucker pointed out a few minutes ago, made it possible, to make a general statement, for a final payment to be made on No. 5 and No. 6 wheat, and made it possible for a payment in the neighbourhood of 15 cents a bushel to be paid on the high grades rather than a payment of 8 cents a bushel that otherwise would have been made?

Mr. DAVIDSON: Yes, that is correct. That is covered on page 4 under section (a) at the bottom.

Mr. ARGUE: The 7 cents involved here with the fact that you did not take a $4\frac{1}{2}$ cent discount for various reasons when you made the transfer accounts for the size of the final payment.

Mr. DAVIDSON: That is right.

Mr. ARGUE: And those two things together might have made a difference of around 10 cents a bushel, I take it?

The WITNESS: If you had taken the $4\frac{1}{2}$ cents it would have been taken on 49 million bushels which were stocks which were either unsold or sold and unpriced and that would be a matter of roughly \$2 million. The balance, of course—it would have made a difference, I should think, of about 8 cents a bushel all told.

Right Hon. Mr. HOWE: I have an announcement that I would normally make in the house but everyone interested in wheat is here so I will make it to the committee. There has been a further development on the delivery quota position which I feel I should call to the attention of the committee. Yesterday the board announced that an eight bushel per specified acre quota would be established at 222 delivery points effective Friday, July 6. These 222 points will also be designated as alternative delivery points. In addition, at all delivery points where the seven bushel quota has been in effect for a week or more, such delivery points will be made alternative delivery points. At the moment, there are 814 delivery points with a quota of seven and eight bushels per specified acre. These delivery points are alternative delivery points subject to the seven bushel delivery quota being in effect for a period of seven days.

There was a question raised as to the quota this year being lower than the quota last year on the same date. I worked that out for my own information. Last year there were 69.9 million specified acres and deliveries in the country at that time were 422.2 million bushels, giving an average per specified acre of 6.04 bushels per acre. This year the total specified acres is 69.1 million, deliveries have been 433.2 million bushels, giving an average per specified acre

of 6.41 as against 6.04 last year. It was suggested at a session I attended a short time ago that quotas were lower this year than last. It is not true as far as the average is concerned.

By Mr. Argue:

Q. Mr. Chairman, I hope that the announced 8 bushel quota will mean more deliveries at some points and more rolling stock into those points to haul out the grain and that this will not have the effect of making it more difficult for those farmers who have already had great difficulty at some points marketing a normal quantity of grain. I am expressing the hope that it will in no way prevent the producers in areas in western Canada which have been starved for boxcars—and I refer to southern and southwestern Saskatchewan and I think I can also refer to the Lethbridge area of Alberta which was mentioned here by Ben Plumer—I think we are anxious to see the greatest amount of equality. I hope producers in these areas will have the same chances as producers in other areas.

The CHAIRMAN: Shall we carry page 3?

Item agreed to.

Page 4, "Surplus for Distribution".

Item agreed to.

Item 5.

By Mr. Argue:

Q. Mr. McIvor, in talking about money, the money paid into the Wheat Board account because of storage and this other relatively insignificant amount as you have explained of 4½ cents, how have payments been this year apart from the storage bill in relation to the last year? In other words, to get a picture of what the net price would be to the producer if you took out these two factors, how would that be?—A. Mr. Davidson can answer that.

Mr. DAVIDSON: On the 1954-55 pool account on page 6 in section 7, you will see "Realized Price", No. 1 Northern Wheat, giving realized price including the interim payment and final payment; No. 1 Northern \$1.65, No. 2 Northern, \$1.61, No. 3 Northern, \$1.56, No. 4 Northern, \$1.48—(I am rounding off the decimal points)—No. 5 Wheat, \$1.19, No. 6 Wheat, \$1.15.

Now, the corresponding results for the 1953-54 pool as shown on page 4 of the supplementary report of that year are, per bushel: No. 1 Northern, \$1.56; No. 2 Northern, \$1.52; No. 3 Northern, \$1.49, No. 4 Northern, \$1.45; No. 5 Northern, \$1.33; No. 6 Wheat, \$1.30; Feed Wheat, \$1.27.

Mr. ARGUE: I do not know that that is precisely what I had asked for. If you took out these other two factors would it be fair to say that the price received for the first four grades in the crop year under review is about the same for the previous crop year?

The WITNESS: Might I suggest that there should be just the one factor taken out because in the allowance of 4½ cents it was anticipated that we might have to sell at lower prices. The same anticipation did not apply this year, so I think if you wanted the net, it should be the net after the storage or carrying charges.

By Mr. Smith (Battle River-Camrose):

Q. I wonder if Mr. McIvor would explain the reason for the spread between No. 4 and No. 5 of 29 cents? That is a question that is asked often.—A. That is entirely a question of our ability to sell these grades of wheat. Now, if you remember several years ago we had what I thought was an excellent showing on No. 5 and No. 6 wheat, and that came about largely due to the fact

that the tremendous quantities of those grades were bought, I should say of the No. 5 grade were bought by Europe and actually put in their mill grists. I do not mean they ground the full quantity of 5 but it would be in a proportion and there was an excellent demand for No. 6 for feed purposes.

This past year, we found ourselves in competition with very low priced French wheat which can replace No. 5; so in order to dispose of the No. 5, we had to compete with the French price and we did not have to do it two years ago.

By Mr. Argue:

Q. Mr. McIvor, when that decision was made, is it right—I am not sure that it is—that within a very short period of time you dropped the price of the lower grades by a very substantial amount?—A. Yes, we did. As you know there was a considerable amount of agitation and a lot of people were making the statement that we should dump this low grade wheat for whatever we could get for it—get it out of the country. That was the cry but the people who made that statement did not have any idea of the human factor involved in that. It is all right to say that, but it is something else to do it. If we had dumped it at that time, we would have dumped it into a vacuum because there was not any particular interest in those grades of wheat at that time and I do not know where the price would have gone.

By Mr. Blackmore:

Q. Did Mr. McIvor mention the grades?—A. No. 5 and 6.

Q. Not 4?—A. No. We waited until there was an interest and then, of course, when there was an interest, we had to meet the competition of other wheat which were being sold by other countries and I think while we had to lower prices it was a successful operation and if we had tried it earlier, it might have been a very serious problem for us.

By Mr. Argue:

Q. How had sales been before you dropped the price?—A. They were very poor on those grades and then it picked up soon after. There was a drop of 25 cents a bushel or so, but that was gradual. If you look at the prices you will see we gradually moved it down. What we did—I do not recall the range of prices—but we started to get some interest at some, I think, 5 or 6 cents under our current price at that time and we knew that other wheat was being offered competitively at around those levels and we sent people abroad and made several big deals for low grade wheat on that basis.

By Mr. Smith (Battle River-Camrose):

Q. Have you pretty well cleared out this extra surplus of No. 5 and 6?—A. Yes, as a matter of fact we are waiting for deliveries from the country to fill some of our orders now.

By Mr. Nicholson:

Q. Mr. Chairman, I was very glad to hear from Mr. McIvor yesterday, that shipments through Churchill this year are to be at an all-time high. As I recall, last year there was quite a lot of grain held on the farms up in the area where there is a favourable freight rate to Churchill and as the boats do not come in there until late in the season, it was possible to move a large volume of grain after the new crop year started. Can Mr. McIvor give any comment as to the availability of grain in the area to fill the 15 million quota?—A. We can fill it all right, Mr. Nicholson.

By Mr. Weselak:

Q. As a result of the demand, has the price come back?—A. Yes, the price has come back considerably now. That always happens, of course. As your stocks go down and there is an interest in those particular stocks, the price goes back but we are getting the advantage of an increase in price on anything we are disposing of now and we are selling some more No. 5 wheat now.

By Mr. McCullough (Moose Mountain):

Q. Mr. McIvor, in respect of the low grade wheat which was sold, some 13 million bushels to Poland, I understand about 15 per cent of the cost of that wheat was paid in cash and the other dealt with under the Export Credit Insurance Corporation. Would you explain to the committee the mechanics of the transaction?—A. Well, we have nothing to do with the Export Credit Insurance Corporation. As far as we are concerned, we are paid in cash for the wheat.

The CHAIRMAN: Shall we carry page 5?

Item agreed to.

Page 6, carried?

Item agreed to.

"Export" on page 7?

By Mr. Smith (Battle River-Camrose):

Q. Mr. Chairman, the Wheat Board is not charged up with any of this particular deal with Poland and so on—you are paid cash?—A. Yes.

Item agreed to.

The CHAIRMAN: Page 8.

By Mr. Argue:

Q. Mr. McIvor, for sometime there was a substantial difference in the selling prices quoted at Vancouver and Fort William, I think they are on a par now, are they not?—A. Yes.

Q. Can you tell the committee why they have been brought to a par?—A. That is directly concerned with the costs of moving grain. We get those costs every day and if Vancouver is out of line, that is, if the cost of taking the wheat from Vancouver to Europe is higher than shipping it through Fort William to Europe, we would find it necessary to lower the Vancouver price in order to make that port competitive. The same would apply to Churchill, the same principle.

If, on the other hand, the Vancouver costs of shipping are lower, we would find it in our interest to raise the Vancouver price in order to keep Vancouver wheat competitive with Fort William and benefit the producers to that extent.

Q. Then your Churchill price shows that the wheat producer in western Canada is today going to gain 11 cents a bushel on all the wheat going through Churchill because for the quantity it can handle it is a more economical port than the other two?—A. Yes, it is the cheapest shipping port to Europe of the three routes.

Q. Do changes in freight rates have any effect on the monies going into the Wheat Board account?—A. No, the adjustment that is made by the Wheat Board is an adjustment at the ports and whatever our quoted price is on a stated day, that is the price that the Wheat Board gets for the wheat on

any sales they make that day. I would like to make this comment on Vancouver, because I think it is important. There is a very large business out of Vancouver to the Far East. We were talking about Japan yesterday. So that at times that is an important factor in the Vancouver price. It is a combination of the two and we have got to watch it all the time. We study it every day. We have a sales meeting every morning and at that sales meeting we have a schedule of rates which we study and decide what we are going to do.

By Mr. Nicholson:

Q. Mr. Chairman, as the Wheat Board gets an extra 11 cents on all the wheat that goes through Churchill, could you not increase the storage capacity there so a larger volume of your grain could go through Churchill?—

A. I must say that the minister has been very cooperative as far as Churchill is concerned. That storage has been doubled.

Q. I wonder if the minister would indicate if he would double it even again. I understand grain held there during the war was shipped out ten years later and was in as good condition as it was when stored.

Right Hon. Mr. HOWE: There is nothing wrong with storing grain at Churchill, but I doubt if we would get any benefit from larger storage. Several factors have to be taken into account. One of the factors is the number of boats you can load. There was a period last year in the middle of the season when we did not get any boats. Since doubling our capacity there we are just feeling our way to see what we can do through the port. If we can get enough grain cleaned and if it can be ready for shipment when the time comes, additional storage does not help very much.

The WITNESS: We have warned people on a number of occasions that the worst thing that could happen to the port of Churchill would be if a boat got in there and could not get out. Nothing could happen that would damage the port as much as that. In the handling of the Churchill movement as the minister says, ocean boats do not run like buses. Remember these charters are made probably 8 or nine months ahead and the final charter at Churchill might be subsequent to two or three other movements of that particular boat. A strike occurs in Liverpool or some place else and that boat is delayed so we get these impasses at Churchill and the Churchill movements have to be very carefully coordinated between the railway movement going up there and the loading of your ocean boats.

I agree with the minister. I do not think it necessarily follows that if you increase your storage capacity that you are going to be able to double your movement. I do not think that is correct at all. You might get out an additional quantity which you have got up there in storage at the outset of the year, but Churchill is doing well. It is increasing every year and I think a sound policy at Churchill where it is increasing its movement every year is far better than gambling which might be disastrous as far as that port is concerned and we are very careful in our chartering not to charter boats which might get in there too late to get out because that would be a very serious situation for that port.

By Mr. Nicholson:

Q. Mr. Chairman, I have heard of this argument for the last 25 years, but I think the facts are that since the capacity was doubled, the shipments have increased by 50 per cent.—A. No, they have not.

Right Hon. Mr. HOWE: Shipments have not increased at all, because there has not been anything shipped out of there since the capacity was doubled. Well, this year we are apparently going to ship out 15 million bushels—we are going to try to ship out 15 million. If we get away with 15 we might try 17 next year.

Mr. NICHOLSON: I took the trouble to go through Churchill on one of those boats and the captain had been in several times and he assured me there really are not great hazards in connection with this route and the authorities seem to think we could handle 50 million bushels a year through Churchill.

Right Hon. Mr. HOWE: Well, the authorities are all wrong.

By Mr. Nicholson:

Q. The facts are that we have increased shipments from zero to 15 million this year in all probability and the arguments we have heard this morning are arguments that were advanced 25 years ago.—A. They certainly were not advanced by me 25 years ago, I can tell you that.

Right Hon. Mr. HOWE: There are people who know a whole lot more about that Churchill situation than your advisers. I have been following that situation from the time they drove the first pile.

Mr. NICHOLSON: When the railway was built there it was the consensus in Canada that it was a white elephant, that we were wasting public funds in borrowing the money and doing something in that area and I think the fact that we offer wheat at Churchill at 11 cents higher, I think if we could increase the amount from 15 million to 30 million—I will not be so enthusiastic and say 50 million, I will reduce it to 30 million, I think if we could ship 30 million bushels a year out of Churchill it certainly would be in the interests of the people who are there and I think the ships that come into Churchill for grain, could also if we are doing the job we should be doing, could be bringing in some goods from the British market. We certainly should buy more goods and I think the Wheat Board could do it in cooperation with other departments and increase our shipments that are going to overseas markets. I appreciate the fact that 15 million this year is a good deal better than 5 million a few years ago, or 4 million or 6 million, but still is not good enough.

Right Hon. Mr. HOWE: If we could handle 20 from there, that is a wonderful season for Churchill.

The WITNESS: Mr. Nicholson, I think you are suggesting that the Wheat Board through negligence, putting it bluntly, in not getting more through Churchill are passing up 11 cents a bushel. That is really what you are saying, but we are not doing that. We want to get every bushel of wheat through Churchill that we can get through there because we want that 11 cents a bushel and we have made progress at that port. We are ahead by about 3 million this year over last year.

Right Hon. Mr. HOWE: We hope.

The WITNESS: I think we will, Mr. Minister, if the boats come in. We have got the boats chartered and I think we will be up about 3 million over last year, but I say that under the conditions that present themselves at Churchill at the present time and having in mind fulfilling your contracts and having in mind the factor of having boats not getting there on schedule that that is the best that we can do this year. If we can do more than that we will do it. If we can fit in any boats during the course of the season we will do that. We are very proud of the record at Churchill. We have made advances every year and I might say that far from being critical the Hudson's Bay Route Association think we have done a pretty good job there and they have told us so and have publicized it to that effect.

Mr. MANG: Mr. Chairman, I do not want to be facetious but if we pass a resolution to the effect that the shipping season should start, say, in May at Churchill and end at the same time it ends at Fort William, would that help?

Right Hon. Mr. HOWE: I would like to have you visit there on the 4th of July and see if you could see anything but ice.

By Mr. Pommer:

Q. Mr. Chairman, I wonder while you are on this port of Churchill, what amount of wheat is there stored now and the grades?—A. There is close to 5 million bushels.

Q. And the grades—are they two or three?

Right Hon. Mr. Howe: Practically all No. 2 Northern, I think.

By Mr. Tucker:

Q. While this is being looked for, Mr. Chairman, what Mr. Nicholson said reminds me of what went on in regard to the Hudson's Bay route over a very considerable period of time along the lines he said that it was a waste of public money, a white elephant and everything else, but nevertheless this government went ahead and built the Hudson's Bay railroad and put those facilities in there. I think that some of the people who find fault should realize what has been done by the present government and people like Charlie Dunning and others and that they went ahead and built this wonderful port which is developing in a very wonderful way, and when we were through there last summer and saw the capacity being doubled, I thought to myself that some of the people who complained the loudest should go there and talk to the people who run the port and carry on these things.—A. The stocks of wheat at Churchill in answer to Dr. Pommer's question are at the present time 4,205,000 bushels plus the grades that are en-route to Churchill. Presently there is a movement to Churchill going on. I was talking to Mr. Milner yesterday, and there is a movement going on to Churchill at the present time so I should hope that we would get the stock close to 5 million bushels.

By Mr. Nicholson:

Q. When was the new addition completed?—A. It was completed, I think, in November last. The grades of those stocks are 188,000 No. 1 Northern, 2,609,000 No. 2 Northern, 691,000 No. 3 Northern, 228,000 No. 4, 65,000 No. 5 and 420,000 of other grades.

By Mr. McCullough (Moose Mountain):

Q. Mr. McIvor, is there sufficient grain within the area which would be contiguous to ship the rail route to Churchill which would warrant further storage and utilization of that port? That is my first point. No shortage of grain?—A. No.

Q. Then I think this back slapping and praise to the minister is in order. We are all very happy with conditions at the port of Churchill. I had the pleasure of going on one of the excursions up there and talked with some of the people who are bringing in ships there and also people in charge of the elevators. I think we are very happy at the growth and utilization of that port, but I cannot follow your reasoning or the minister's that ships might get tied up in that port. If we had certain storage facilities and we have ships routed to take that wheat out, then it seems to me as long as we are increasing the shipping season and we put in more terminal storage and more ships to come in and take that on the same basis we are doing it now, I favour the management at the present time and the utilization of that port but I cannot see how the argument holds that if you had this additional storage space you have got the grain in position to move through that route that the ships would not be made available and that you could not market it on the same basis you are doing today.—A. I have had several sleepless nights worrying about a boat when I wondered whether it would get out before it was frozen in the ice for the winter and it was touch and go for several years?

Right Hon. Mr. HOWE: The only useful storage you could put there is the storage which is a proper reservoir between your cars and boats. The only reason you need more storage is so you would have clean grain available if the movement is faster than the boats can keep up with. You can rail in the grain there as fast as the boats can load it.

Mr. NICHOLSON: It seems if Mr. McIvor is asking 11 cents a bushel for comparable grain for every bushel that goes out of Churchill—

Right Hon. Mr. HOWE: Yes, and we are anxious to get out every bushel we can but when you say you can take a pencil and double the handling there I just say I know better. There is no one who is more interested than I am in the success of the port of Churchill. I have done everything I can and it is in my period that the handling has gone from 5 to 15 million bushels. If you want to step it up from 15 to 30, that is your job.

Mr. NICHOLSON: That is my job. I happen to live about 600 miles from Churchill and there is a very good rail line and these cars can go up very quickly.

Right Hon. Mr. HOWE: That is why you do not need more storage.

Mr. NICHOLSON: But I think it is unfair for the many people who ship their grain to Fort William and Port Arthur, three times the distance away and sell their grain for 11 cents a bushel less than they get it at their own port and I do know we have been able to increase the facilities through Churchill from zero to 12 million last year and maybe 15 million this year, but I think we could double the volume to 30 million without any undue strain. The ship that I took out of there loaded in very short order. It was bound for the port of London and for a stretch of eight days no ship came in or went out and I think if we really wanted to, if we were saving on wheat at Churchill at the same port and the boats that came in there or out there would be no difficulty. We were only 20 minutes from the time we pulled out from the harbour until the pilot went ashore. We were out to clear water very easily and no ice hazards. I am not suggesting we have boats go in there as Mr. Mang suggested, in May. That is a ridiculous suggestion but there is a period for which insurance rates are valid. During that period we could have twice as many ships going into Churchill and be loaded and get out if we were offering wheat at Churchill at the rate we are offering it to Vancouver and Fort William and in my view I think the chairman of the Wheat Board should be using whatever influence he can to get the Minister of Transport and other government officials to increase the storage at Churchill so that 30 million could be handled each year and if we were offering it at the right price I am sure it would go out of there.

The WITNESS: I would like to make just a few remarks. I do not want to argue with Mr. Nicholson. He has his views and I have mine. I have had as much to do with Churchill as far as movement of grain is concerned as anybody in this country and I was with Mr. John McFarlan when the first two boats went out of that port and I feel that good progress is being made at Churchill and I do not agree with you that 30 million could be moved out of that port.

Mr. NICHOLSON: I do not want Mr. McIvor to agree with me, but I think in ten year's time we should be moving 30 million out.

The CHAIRMAN: May we carry this? Exhibit I of the supplementary.

Item agreed to.

By Mr. Argue:

Q. I want to ask Mr. McIvor a question I asked him before and he gave me an answer and I want to make certain of it. Is it correct the 7 per cent increase in freight rates which has just taken effect does not in any way reduce

the amount of money paid into the Wheat Board fund; in other words, there is no expense whatever resulting from the increase of 7 per cent?—A. No. Now, Mr. Chairman, I would like to make one comment as a result of reading my evidence last night. The evidence was of Tuesday, and, of course, that was a long day. There is one part of it I would like to correct and I may have left the wrong impression with Mr. Argue and I certainly do not want to do that. He asked me a question about the movement of these specialized grains over the two railways and in looking at my answer while I think technically it is correct, it may leave the impression with the committee that there are more of these specialized grains moving off the Canadian National than off the Canadian Pacific. I did not intend that. There is a big movement of malting barley from the Canadian Pacific. I do not know exactly what the proportions are but I thought in fairness I should make that statement.

Q. Mr. Chairman, I have one other point I would like to raise. I do not see any particular place in the report where it could be raised and that is the question of the marketing of flax. I realize the sales of it do not come under the Wheat Board at all. There was a good deal of complaint from producers last winter that flax was being shipped in from the United States and being sold in Canada and was taking up space that Canadian flax producers wished themselves that they could utilize. Whenever it was raised, the reply was—and I think it was a good and reasonable reply—that no one wanted to do anything to impede the movement of goods between Canada and the United States because they could take reprisals and probably do more harm to us than we could to them. Would it not be possible to have flax entered into the producer's permit book when it is sold apart altogether from whether there is a quota so that the people who produce the flax in western Canada, who pay for all the elevators, give them all their business whether they be line elevators or cooperative elevators may have the first claim on the marketing of Canadian grain?—A. We have not as yet decided on our policy, Mr. Argue, for the coming year. I am very familiar with this question that you have raised and it gave us a great deal of concern but, if I may use the word, the position was rather delicate at the time and we did not like to take any action which might precipitate an action which might be far more serious as far as this country is concerned. We will consider that question, Mr. Argue, when we consider our policy.

Q. As a matter of fact, Mr. McIvor, for the information of the committee I had a number of complaints suggesting that I and others advocate embargoes and so on. I think that probably would do more harm than good but it does seem to me there is another avenue that I have already mentioned that could be fair in every way.—A. When we consider our quota policy we will consider your suggestion.

By Mr. Smith (Battle River-Camrose):

Q. Would you include rye along with flax?—A. Yes, rye is in the permit book.

By Mr. Pommer:

Q. How much flax comes in from the United States, do you know?—A. I could give you the figure. I do not know whether you want to press me on it or not. I just wonder if it is advisable. What I am trying to do is to keep all channels open.

The CHAIRMAN: That completes the report and at this stage I would like the permission of the committee to include the wires which I received in acknowledgment of the invitation to advise them of the sitting of the committee.

Thanks your wire will advise further as soon as possible.

Ben S. Plumer,
Chairman, Alberta Wheat Pool.

On behalf of Mr. Brownlee, president United Grain Growers Limited I acknowledge receipt of your telegram of the twenty-fifth giving notice of sittings of committee.

While we do not now seek to make representations we shall be represented in Ottawa in case it becomes desirable to make a statement in the light of what may develop at the sittings.

H. L. Griffin, U.G.G. Ltd.

We appreciate telegram presenting the opportunity to appear or present brief before the Agricultural Committee. We have no brief to present as we feel in our previous presentations we have adequately dealt with all probable matters that may come before the committee. We however take this opportunity to express to the committee our keen appreciation of the work of the Canadian Wheat Board during an exceedingly difficult and anxious year. The Board of Grain Commissioners and the Transport Controller have in our opinion continued to administer the respective acts under which they operate in an efficient and capable manner. We will have a representative at the sittings of your committee in case it is the desire of the committee to have us make a statement on any aspect of its hearings.

Cecil Lamont,
President, Northwest Lines Elevators Assn.

Is it the wish of the committee to take a short trip behind the Iron Curtain with Mr. Sharp? I thank Mr. McIvor and Mr. Davidson for their cooperation.

Mr. DAVIDSON: Mr. Chairman, there is one outstanding question. Yesterday Mr. Nicholson asked about the Argentine bilateral agreements that we referred to a year ago. In looking at the evidence a year ago, all but one of the present agreements were in effect then and continue in effect now. There was a new one since that, an agreement between the Argentine and the United Kingdom. It was announced in April 1955 and expired on June 30 last.

There is a rather interesting situation which has developed in the Argentine. As you know, there has been a change in administration there and I have an extract from an Argentine document.

Under the Peron regime Argentina swung very decidedly to a policy of rigid bilateralism in international trade. The new government has taken steps in recent months to reverse this policy in a strong effort to switch their policy of bilateralism. In a strong effort to switch their policy of bilateralism Argentina has recently informed a number of countries with whom she has bilateral trade agreements that it is her wish to re-negotiate these agreements on a multilateral basis.

I was rather interested this winter at Geneva when the new Wheat Agreement was being negotiated that Argentine was represented and took a full part in the discussions and is a signatory to the present International Wheat Agreement. That is one of the major changes that took place in Geneva.

Mr. POMMER: Mr. Chairman, before we let Mr. McIvor go, I should like on behalf of the group here of this committee to thank him for the able and cooperative manner in which he answered the questions and made information generally available to this committee. I have said on previous occasions I thought he was an ideal witness and I just want to reiterate that statement, Mr. Chairman.

Mr. ARGUE: Mr. Chairman, if I might second Mr. Pommer's motion, I think he seconded mine last year, I wish to go along with his remarks and say we are always pleased to have Mr. McIvor come before this committee. He is always most cooperative in answering questions and while we do not always agree on the specific detail of instructions the Wheat Board may receive from the government, nevertheless we agree that the Wheat Board is Canada's outstanding example of what a public marketing board can do in the interests of the producers and I am hopeful in the years ahead that I will see further boards of a similar nature doing a similarly good job in other fields for agriculture in this nation.

Mr. TUCKER: I think we should associate Mr. Davidson with those remarks.

Mr. POMMER: I would be glad to do that, Mr. Chairman. That was oversight.

Mr. ARGUE: I second that amendment.

The WITNESS: Mr. Chairman, I would like to thank the members of the committee through you for the opportunity to appear here once again and discuss our problems with the committee and I appreciate on behalf of Mr. Davidson and myself very much the cooperation and courtesy which we received from the committee on this occasion. Thank you.

The CHAIRMAN: That leaves the chairman little to add except our good wishes.

Now, I will call on Mr. Sharp.

Mr. Mitchell W. Sharp, Associate Deputy Minister, Department of Trade and Commerce, called:

The CHAIRMAN: Mr. Sharp does not need any introduction to this committee. Naturally he had no warning of this and I think he would appreciate some lead from the committee as to what is required of him. Should it be in the form of questions? Who brought up the question in the first place?

Mr. MANG: What was he doing in Russia?

The CHAIRMAN: Just relate your experiences Mr. Sharp.

By Mr. Nicholson:

Q. Sir, I have the Searle Grain Company report for January here in my hand in which is given some very interesting statistics regarding the greatly increased acreage of land in the U.S.S.R. which is going into wheat and it appeared to me that if the president of the Massey-Harris Company and more recently the president of the Royal Bank consider this market is of sufficient interest for them to go there to see what is going on and the possibilities for those who are interested in sales it seems to me that instead of Russia sending

a delegation here to Canada to buy wheat that the Wheat Board or our Department of Trade and Commerce should be taking the initiative in promoting sales. Without this large Russian sale this year, our present current position would be much worse than it is and I think we should be going out of our way to try and get more wheat in there.

MR. MANG: Mr. Chairman, on a point of order I thought we were to hear Mr. Sharp.

THE CHAIRMAN: Well, I asked for an indication but I think now Mr. Sharp has a pretty good idea of what is required of him and I will ask Mr. Sharp to take the floor.

THE WITNESS: Mr. Chairman, may I say at the outset that I would not set myself up as an expert on Russia or on any other country behind the Iron Curtain. My knowledge is strictly limited and I think that anyone who has made any study of affairs behind the Iron Curtain must take the same view of his own limitations.

May I say in reply to Mr. Nicholson that the initiative was taken by the Canadian government in seeking a market for wheat in the Soviet Union. When Mr. Pearson accepted the invitation of the Soviet government to pay a courtesy and goodwill call in Moscow there were discussions in the Canadian government as to whether it would be desirable to take the initiative in opening talks on trade. The government so decided, instructed Mr. Pearson to discuss trade if the Soviet Union were agreeable to doing so, and it was at that point that the government decided that a representative of the Department of Trade and Commerce should accompany Mr. Pearson to Moscow. I had the good fortune to be named as the appropriate official.

From the outset of the trade discussions I as the chief negotiator for Canada made it quite plain that the price for a trade agreement between Canada and the U.S.S.R. as far as Canada was concerned, was contract for the sale of Canadian wheat to the U.S.S.R. From the first discussion with the Minister of Foreign Trade, both Mr. Pearson and I made that quite clear. I want to say to Mr. Nicholson that it was the Canadian government that took the initiative.

It was because the Minister of Foreign Trade in the U.S.S.R. acting on behalf of the Soviet government agreed that there was a basis for carrying on further negotiations that the subsequent negotiations took place in Ottawa. The Soviet government at that time, I think, would have preferred that the further negotiations should take place in Moscow itself. We, however, indicated that we felt greater progress could be made in Ottawa because most of the technical problems lay in Canada rather than the U.S.S.R. We had in Moscow received from the U.S.S.R. a draft of the kind of trade agreement that the Russians would like us to enter into. We received that draft, made some preliminary comments upon it and told them at that time that not only would Canada insist upon a trade agreement of the traditional M.F.N. character, but that this must be accompanied by a supplementary and coordinated contract dealing with the sale of Canadian wheat to the U.S.S.R.

Between the Moscow visit and the negotiations in Ottawa, the Canadians returned a draft to Moscow the form of trade agreement that Canada would accept, accompanied by a supplementary contract on wheat. When the negotiations opened in Ottawa, they were based upon the Canadian drafts. We had discussions, we went as far as we could in meeting the point of view of the U.S.S.R. and finally emerged with a treaty of the traditional most favoured nation character and a contract for the sale of between 400,000 and 500,000 tons of wheat annually for three years.

I think that, Mr. Chairman, answers the question of Mr. Nicholson.

By Mr. Nicholson:

Q. What portion of that is dependent on the purchases we make of Russian goods in the meantime?—A. According to the terms of the letters that we exchanged with the U.S.S.R., 100,000 tons. In other words, the U.S.S.R. agreed to buy in each of the next three years a minimum of 400,000 tons. They went on to say that if their sales in Canada were in volume satisfactory to them they might increase that quantity by 100,000 tons to 500,000 tons in any year.

By Mr. Argue:

Q. Any sales in Canada forthcoming? I think the members of the committee are unanimously in favour of what has been done. I think some of us are rather concerned as to whether or not Canada itself and the government cannot take the lead in promoting in an effective way the importation and sale of Russian goods in Canada so that this kind of trade can be maintained and in fact increased?—A. The Canadian attitude on this question was very simple and consistent with our trade policy generally. We said to the representatives of the U.S.S.R. that under the trade agreement which we were then concluding the U.S.S.R. would have an opportunity equal to any other country in disposing of goods in Canada. The volume of their sales depended upon the goods being of the right quality, upon the initiative of the salesmen of the U.S.S.R. and generally upon exactly the same factors as would apply to sales by other countries in this country. Because this would be contrary to the trade policy of Canada we did resist any deal in which sales of wheat would be directly related to a bilateral contract between Canada and the U.S.S.R. for the sale of Soviet goods in Canada.

Q. I would think it would be a good policy for the government and good practice for them to study the possibility of doing with Russia precisely the same type of thing that she has done with us, namely, to agree to the purchase of certain goods that are suitable for the Canadian market over a certain period of time and in certain quantities and if we had not only a contract for the sale of wheat to Russia but a contract or contracts for the sale of Russian goods in Canada, then we would have that assurance that this kind of policy would result in maintaining the market that has already been developed and perhaps increasing it. The Russians have not been in this market before, I do not think, to any great extent. I do not know whether they are acquainted with this type of competition or not, but there is a widespread feeling certainly on the prairies that tariffs and anti-dumping duties and customs regulations and a hundred and one other things have been and may in the future be used as a means of discouraging imports into this nation which reflect in the difficulty of selling exports from Canada to those countries.—A. May I give a word of explanation as to why the Canadian government insisted upon a contract for wheat? As the members of the committee are aware, the traditional form of trade agreement between Canada and any other country is what we term a most favoured nation agreement under which the parties to the agreement are guaranteed that they will have access to the markets of the other country on terms not less favourable than accorded to any other country. That is the traditional meaning of most favoured nation.

There is a vast difference, however, between the methods of buying and selling and generally carrying on business in Canada and in the U.S.S.R. When we grant most favoured nation treatment to any country such as the U.S.S.R. we immediately bring down the level of our tariff from the general rate to the M.F.N. rate and the day that the treaty with the U.S.S.R. came into effect, our tariffs applicable to U.S.S.R. came down from the general rate to the

M.F.N. rate. This was an immediate and direct benefit to the U.S.S.R. But in a state trading system such as they have in Russia, tariffs do not play the traditional role that they do in a free enterprise economy and we receive no such commensurate benefit from the U.S.S.R.

We have certain general undertakings, if we can enforce them, to guarantee that we shall not be discriminated against in the U.S.S.R. but there is no immediate benefit resulting from the signing of the treaty.

Q. You sold the wheat?—A. That is why we did. The reason we insisted upon a contract for wheat was that we wanted to get from the U.S.S.R. an immediate and tangible benefit which was somehow commensurate with the tangible benefit we were giving to the U.S.S.R. when we lowered our tariffs to the M.F.N. rate.

Q. Do you know whether Russia, knowing the contract has been signed, is making any use of the immediate and tangible benefit of which you speak?—A. I have not examined carefully the imports from the U.S.S.R. but these benefits are no longer potential; these are real benefits whenever they want to make use of them.

By Mr. McCullough (Moose Mountain):

Q. Mr. Sharp, were these benefits tied to the contract with wheat, which you made with Russia; in other words, was there an understanding that the tariffs would be lower if Russia signed this contract?—A. A condition of our most favoured nation treaty with the U.S.S.R. was an accompanying contract for wheat and if you will look carefully at the trade agreement, you will see that it is not automatically renewable; it is renewable only as a result of a further agreement at the end of the three year period.

By Mr. Blackmore:

Q. Mr. Chairman, could we get Mr. Sharp back to where he was interrupted?

The CHAIRMAN: I was going to say that I think there were two points that came out originally with which the committee, I think, expected you to deal. Maybe we can settle this one point first. Is everybody clear on that one point?

By Mr. Weselak:

Q. This agreement with Russia, it is much easier with the U.S.S.R. where the government does the buying to make a contract of this kind than for us to undertake to accept a certain volume of goods under our system?—A. There are very few state enterprises in this country which would be in a position to contract for Russian goods.

By Mr. Argue:

Q. Mr. Chairman, on that point, I take it there was close cooperation both from what you say and what Mr. McIvor said yesterday, between the Wheat Board and yourself. You are both part and parcel of the Department of Trade and Commerce in various ways. Would you say it facilitated the signing of this contract to have a Wheat Board in this nation operating as it does under Mr. McIvor in signing such a contract?—A. Yes, Mr. Chairman.

Q. In other words, because we have a public marketing board selling wheat we were able to take advantage of a sale that might have been more difficult to make if there had been 101 people selling wheat instead of one?—A. Well, Mr. Chairman, it would not have been impossible for the U.S.S.R. to have given an undertaking such as she did give to purchase a certain quantity of wheat in Canada. Nevertheless, the fact that the merchandise that the U.S.S.R. was agreeable to taking was handled through a government board, a single selling

agency, did greatly facilitate negotiations?—Q. And because you had a central board handling the sale of wheat you were able, I would think, to guarantee supply or assure supply in a much easier way than you could with the other type of trade?—A. I think that is right, Mr. Chairman, although it is not, of course, impossible that before the end of this three year period we might have to give some preference to the U.S.S.R. in order to carry out that contract. I think it is only a difference of degree rather than of kind.

By Mr. Nicholson:

Q. Mr. Chairman, members of all parties were for this when the matter was discussed in the house and I said then if Mr. Pearson and Mr. Sharp had not gone to Russia we would not have had this deal and I think Mr. McIvor should have taken the initiative a year ago. If I am right I think the invitation came from Mr. Molotov to Mr. Pearson to go over and see him some day and Mr. Pearson asked Mr. Sharp to go along. That is all very good and proper and if this had not come along this deal would not have been made. It does seem that a board charged with the marketing of wheat, that the Wheat Board should be taking the initiative to explore these markets and try to close more deals?—A. May I say, Mr. Chairman, that I entirely agree with Mr. Argue's earlier point that in these matters the Department of Trade and Commerce works as one. I consider in my position in the Department of Trade and Commerce that it is part of my duty to promote the sale of wheat just as of many other products and there is a special responsibility because the marketing agency for wheat lies within the Department of Trade and Commerce.

May I correct one inference in your statement, Mr. Nicholson. While the invitation for Mr. Pearson to visit Moscow came from the government of the U.S.S.R., the initiative in raising matters of trade came from Canada. I do not believe it was the intent of the U.S.S.R. government when it issued the invitation to Mr. Pearson that trade should be the major point of discussion.

Q. The invitation came first from Russia and after we decided to accept the invitation we decided it would be a good thing to go along with Mr. Pearson and see if we could sell some wheat?—A. Yes, we asked the Russian government if they would be agreeable?

Q. They had no objection to us trying to sell a little bit of wheat?—A. No.

The CHAIRMAN: If I may add a word, what Mr. Nicholson forgets is that there was a very major change in the Soviet attitude just prior to that.

By Mr. Tucker:

Mr. Chairman, I would like to ask Mr. Sharp to deal with this suggestion of Mr. Argue's which is reflecting what is said from time to time throughout the country that we should see if we could get more Iron Curtain countries to buy grain from us if we would agree to take goods from them on some basis of barter or something of the sort. What I would like Mr. Sharp to deal with for a moment, is the extent to which that would be affected by the General Agreement on Tariffs and Trade and the definite agreements with other countries with whom we have trade agreements and if we should give exactly the same treatment to them as anybody else just what position would it put us in in regard to Great Britain and all the other countries if we are giving a special deal to take a specified quantity of goods from Russia in consideration of her taking goods from us. Would it in any way affect our contracts with other countries and would it affect our position under GATT in any way?—A. Mr. Chairman, such contracts, such bilateral deals would be contrary to the principles of most favoured nation treatment which are the principles upon which the Canadian government has been conducting its trade. The purpose of the General Agreement on Trade and Tariffs is also to end discrimination and to promote the ideal of M.F.N. treatment, but whether in fact such special deals

would be contrary to the agreement I would hesitate to say because quite clearly there are members of the GATT organization which engage in transactions which do involve discrimination. There are exceptions, there are escape clauses under which an individual country might appear before GATT and plead special circumstances.

As I understand government policy, we, however, believe that it is in the interests of Canada to promote non-discriminatory dealing because it is discriminatory dealing of the kind which the GATT organization is trying to eliminate which interferes most with the sale of our products in the world's markets. For us to indulge in discrimination would greatly weaken our moral position before the GATT organization.

By Mr. Mang:

Q. Does not the recent decision just referred to by Mr. Davidson, the recent decision of the Argentine, tend to show that they are coming to this way of thinking about making deals with respect to trade between countries?—A. Yes, I believe so.

Q. Going away from the dictatorial or Peron type to the more democratic type of deal?—A. Yes, I agree.

By Mr. Roberge:

Q. In this agreement, Mr. Sharp, are there any specific lines of goods that would be mentioned that Canada would be willing to take?—A. I remember the discussions, Mr. Chairman, when the members of the house were trying to get from Mr. Howe a list of these goods and the suggestion that there must have been discussions of this kind going on in the trade negotiations. I would like to confirm what my minister said, that at no time were any lists of goods exchanged. The Russians seemed to be quite content with getting M.F.N. treatment in the Canadian market and at no time during the negotiations did they present us with a list of goods that they wished us to buy.

By Mr. Pommer:

Q. I do not expect Mr. Sharp to answer this. I just want to clarify this matter. I am very pleased that the point has been proved that the Canadian government took the initiative in promoting the sale of wheat to the Soviet Union and not, as has been previously stated here, that the Soviet Union were the people who took the initiative. That is the point I just wanted to make. As I said, I do not expect Mr. Sharp to reply to that but I did want to put that on the record.

Mr. NICHOLSON: I am not going to pursue that point, but I think what brought this up was my reference to the Searle Grain report.

The CHAIRMAN: Yes, there were two points. Shall we go on to the second one?

By Mr. Weselak:

Q. Mr. Nicholson in his remarks inferred there was a market there and that the Wheat Board had not done anything to obtain it. Am I not correct in saying that before the Wheat Board could make any negotiations with the U.S.S.R. that a government trade policy would have to be established by the department?—A. No, I do not think that is true. There are countries in the world which are buying grain from us today with which we do not have M.F.N. treaties.

By the Chairman:

Q. Let me ask this question then, going back to what you said earlier. Is it not a fact that just prior to that the climate in Russia was nowhere as favourable; in other words, there was just prior to that a very major change in the attitude of the Soviet Union and even in the year before that I doubt very much if we would have been welcome there or if the representatives of the board would have got in.

Mr. BLACKMORE: Before the time goes, I wonder if we could have Mr. Sharp tell us about the statistics?

The CHAIRMAN: Let us go on to the second point as to—I think the idea Mr. Nicholson had in mind was how accurate or to what extent could you get statistics from behind the Iron Curtain.

By Mr. Argue:

Q. I wanted one other question on that first general topic, because I take it when we have finished with it we will be concluded. On the question of when this idea of selling grain to so-called Iron Curtain countries began—I do not want to get into an argument—but I think I can remember, it must be four or five years ago now when the question in this committee was raised when Mr. McIvor was here as to the advantages of selling grain to China and now I am speaking from memory but if I remember correctly, Mr. McIvor said that if the day arrived when such a market could be available for Canadian grain that the Wheat Board would be most happy to be able to get into the Chinese market and I am wondering if Mr. Sharp can tell us if that was part of his tour? Was consideration given to extending these sales to China?—A. Well, Mr. Chairman, I have not been to that part of the world but Mr. McIvor, was in Japan and Hong Kong and made some fairly extensive inquiries. I hope he would not mind if I reported second hand his general impression because he probably will not be back before the committee.

The CHAIRMAN: Mr. McIvor pretty well gave his impression yesterday and he has already placed it on the record.

By Mr. Argue:

Q. This may be a very technical point, but I think it is an important one. Would it be possible for Canada to sell grain to China before we have recognized China? I do not know the answer to that but is it possible to recognize China to the extent of carrying on business transactions without having recognized them in the diplomatic sense?—A. Yes, Mr. Chairman, there would be no reason at all why Chinese government representatives, businessmen, anyone of that kind should not come to Canada and buy grain. There would be no obstacle put in their way. They would be given the same facilities as any other buyers.

By Mr. Nicholson:

Q. We are buying some goods from communist China now?—A. Yes. There was one question raised a little earlier of which I did not quite get the full import until I heard a remark made by Mr. Argue. That was the question about dealing with countries with which we do not have M.F.N. treaties. It should be borne in mind that if we had not at the particular time that we negotiated with the U.S.S.R. been in the midst of negotiating a general trade agreement I doubt very much whether we would have been able to conclude a contract for the sale of grain. That point may have been misunderstood in the answer I gave to the previous question; in other words, if we had been

merely going to the U.S.S.R. and trying to sell grain, we would not have had nearly as good results as we did have. It was a great advantage that at the same time we were granting to the U.S.S.R. most favoured nation treatment in this market.

By Mr. Argue:

Q. In the market you are now speaking of, have you found there is less appearance of competition from other countries, or as far as competition is concerned, in the supplying of grain to the Iron Curtain countries is it much the same as supplying grain to other countries? As far as the U.S.S.R. is concerned I know of no country that is selling Russia wheat at the present time except Canada. As far as the other Iron Curtain countries are concerned there is considerable competition particularly from Australia and France (before their recent crop failure), from the Argentine, from all exporting countries in fact except, so far, the United States.

Q. You say "so far". Is there any indication that the Americans would like to get into that market?—A. I have lost my crystal ball, too.

Q. You did not read President Eisenhower's statement to congress asking that a section of law No. 480, I believe, should be deleted so that sales could be made?—A. I did.

By Mr. Weselak:

Q. That is what I wanted to ask about. Was there any embargo, such as the American one, which would have prevented the Wheat Board from selling to Russia?—A. No.

The CHAIRMAN: Have you anything to say on the statistical side?

The WITNESS: I have looked up the wheat review of the Bureau of Statistics and I find that in their issue of March, 1956 they gave some figures on the increase in Spring wheat plantings. These figures will be the best the bureau could obtain but I do not think anyone outside the U.S.S.R. places full confidence in the official figures published by the government of that country.

By Mr. Nicholson:

Q. Do you have a commercial attache in Moscow?—A. No, we have an ambassador but no commercial attache.

Q. Would it be possible for a commercial attache in Moscow to give you as accurate information on agricultural conditions there as we get from other countries where you have these experts?—A. From time to time, Mr. Chairman, the government and our department in particular has considered the advisability of placing a commercial representative in the embassy in Moscow but so far no decision has been taken to do that. Up until recently, as the chairman has inferred, there would have been very little cooperation in the obtaining of information. I think there has recently been some relaxation, though, and more information is being given out. Whether we can justify the expense of putting in a commercial attache for the purpose of obtaining information or promoting the sale of Canadian products I am not prepared to say at this time.

Q. Where do the Bureau of Statistics obtain the information that appears in the issue you have mentioned?—A. From published information. The government of the U.S.S.R., for example, gives information to the FAO and other international organizations.

Q. How about Searle? How did they obtain this information?—A. I have not read the report, so I do not know.

By Mr. Argue:

Q. From your visits to Russia were you able to get around to seeing agricultural production at all—production of farm implements or anything of that nature?—A. My contact with agriculture in the six days I was in Moscow was limited to a visit to the very great agriculture exhibit outside Moscow where examples of all the types of farm machinery used in that country were placed on display.

Q. Did that equipment impress you as being modern in Canadian terms?—A. Yes, quite modern.

Q. And larger than our equipment, generally speaking?—A. No, that was not the impression I formed. The impression I had was that it was not quite as modern as ours but still that it was adequate, modern equipment.

The CHAIRMAN: Mr. Duncan made a full report on that after his visit there and after seeing the various types of farm machinery in use in Russia. Generally speaking, if I remember accurately, most of the equipment was of a similar type to our own, but the models were invariably many years earlier. Invariably their latest model appeared several years after they did in this country.

By Mr. Nicholson:

Q. It seems to me that if Massey-Harris are putting in experts there the government of Canada should be more active in exploring the possibilities; after all, 15 million bushels of wheat is quite a large proportion of our sales. Six days does not appear to me to be a very long time for a Canadian government official to spend in trying to size up the possibilities there.

The CHAIRMAN: We are getting around to a trip to Russia, there.

By Mr. Tucker:

Q. Are the restrictions on foreign embassies and people working in foreign embassies in regard to going about Russia and seeing things for themselves still in existence?—A. Yes.

Mr. POMMER: Mr. Chairman, I just wondered whether Mr. Nicholson should not correct the statement he made a few moments ago when he said 50 million bushels—

Mr. NICHOLSON: I said 15 million bushels.

Mr. POMMER: Oh.

The CHAIRMAN: Are there any further questions?

Well, thank you very much, we will meet this afternoon in the same room at 3 o'clock when we will have Mr. Milner with us.

—Luncheon adjournment.

AFTERNOON SESSION

THURSDAY, July 5, 1956,
3.00 P.M.

The CHAIRMAN: Order. We have with us this afternoon Mr. R. W. Milner of the Board of Grain Commissioners, Mr. W. J. McLeod, Secretary and Mr. E. Baxter, Statistician. Mr. A. F. Dollery, Chief Grain Inspector, is on my left.

We shall proceed today with the report of the Board of Grain Commissioners as such and once we have disposed of the report we shall pass on to the transport controller. We will take up the report at page seven—just the first part—and rather than call on him to read the whole thing I will ask Mr. Milner either to read it as it suits his convenience or to comment briefly on the various sections as we go along. I will call now on Mr. Milner.

Mr. R. W. Milner, Commissioner, Board of Grain Commissioners, called.

The WITNESS: Mr. Chairman let me say, first of all, that I am pleased to be here on behalf of the Board of Grain Commissioners and to discuss this report with you. The Chairman has introduced to you the people of our board who are here, and so without any further remarks I will commence discussion of the report. On page seven you will see the heading Grain Supplies and Disposition—Crop Year 1954-1955. On page 41 the details of that are shown. They are set out in very plain form. Is there anything that anyone would like to ask about it? I would be glad to answer any questions—or our statistician here, would.

The CHAIRMAN: This is appendix G on page 41 which gives details of the supply and disposition of Canadian grain. Are there any questions on that, or shall we carry it?

Agreed.

By Mr. Quelch:

Q. Is there any sign of any deterioration in the wheat which is being stored in off-site storage?—A. Yes we have had some difficulties. We have had to supply a good many cars out of turn for the purpose of preventing further deterioration losses.

By Mr. Argue:

Q. If we are on that point, would you have any information as to the quantity of grain spoiled in annexes?—A. You mean in permanent annexes?

Q. In so-called permanent annexes.—A. No, I have not an estimate of the amount which has been spoiled but we have on a number of occasions supplied cars out of turn for that purpose. It is on page 10. We will come to that a little later, Mr. Argue, if we may. This is simply a statistical picture of the supply and disposition of grain. I do not know whether I could add to it.

The CHAIRMAN: We will go on to marketing.

The WITNESS: Again this is a statistical summary and details are found on page 42.

Item agreed to.

By Mr. Argue:

Q. What are the regulations governing loading grain over the platform?—A. There is no regulation I know of unless it is a Wheat Board regulation; there is no regulation with respect to that as far as the Board of Grain Commissioners is concerned.

Q. Can a farmer today order a car to have his grain loaded over the platform?—A. With the permission of the Wheat Board. It has to do with what he can deliver under his permit, naturally.

Q. And nothing else?—A. Nothing else that I know of.

Item agreed to.

The CHAIRMAN: Terminal and Eastern Elevator Handling.

The WITNESS: Well, that is all referred to on page 43. Those are strictly statistical figures and I know nothing with regard to them that is worthy of comment.

By Mr. Nicholson:

Q. Is there any record of the quantity of the different grades which goes into the terminal and the quantity that comes out? We have had some discussions from time to time about this problem. What check do you have?—
A. All cars are registered by our registration branch; they have to register whatever grain goes in, and whatever the grade is, and subsequently the grade that goes out of the terminal elevator is again inspected and recorded by the inspection branch. We would therefore be aware of any deficiency.

Q. Do we have any report on this particular problem at some stage in the report?—A. No, there is nothing here dealing with that specifically, but we have some information if there should be some question you wish to ask.

Q. I just wondered if you have any difficulty in getting roughly the same quantity of the grade 3 out of the elevator or out of the terminal or whether you will have quite a wide variation in the different grades.—A. That would not be the trouble of the board though it might be the trouble of the terminal; we insist that they ship out grain according to the required standards.

Q. What check do you have on the sales? What is there to stop one of these terminals buying a very large quantity of No. 3 and selling it as No. 2?—
A. From whom are they buying?

Q. Take the Wheat Board, for example. What check do you have on the quantities that they buy of the different grades and the quantities they sell?—
A. Are you referring to terminals now or country operators?

Q. I was thinking of the terminals.—A. The terminal does not own the grain that is in the terminal. It is owned by the Canadian Wheat Board.

The CHAIRMAN: Is this carried.

Item agreed to.

By Mr. Charlton:

Q. It has been said by several farmers in the east that the reason they have difficulty with regard to getting feed grain in the east is that the elevators are probably holding quite a majority of wheat in the eastern and lake-head elevators and consequently there is not much room for feed wheat, with the result that we have to pay extra for it because so much has to be sent down by rail. I asked Mr. McIvor this question yesterday and he gave me some figures, and I notice by those figures that there were only 5 million bushels of oats in eastern elevators at the close of lake shipping last fall. There were 7.6 million bushels sent down entirely by rail during the winter closing period. Even with that 5 million bushels in the eastern elevators beforehand there was not nearly enough to look after the winter feed situation and 7 million bushels had to be brought down by rail which increased the cost considerably. Is there any way in which this situation could be rectified?—
A. Yes; if the people who are in the domestic business want to ship oats or barley or whatever the feed might be before the close of navigation certainly the supplies would be there; but all the risk would be borne by the person who shipped it with respect to price and so on.

Q. You have no control over that?—A. No control whatever.

Q. Well, if you have no control the next question is not required. I thought maybe you would want to see as much of the export wheat as possible placed in these elevators.—A. This is the Board of Grain Commissioners speaking now. As grain commissioners we are not concerned with who ships what. All we are concerned about is the inspection and weighing of the grain.

The CHAIRMAN: Shall we carry this?

Item agreed to.

By Mr. Argue:

Q. In this section on handlings it states: "Handling at pacific coast terminals dropped sharply from the record level established in 1953-1954 of 139.9 million when these ports accounted for over 50 per cent of Canada's overseas grain clearances."

I wonder if you would care to comment on that statement?—A. It is just due to the lack of export sales. It affects the Vancouver terminals as well.

Q. In this period is there any change in the price?—A. What price?

Q. In the 'Wheat Board price?—A. That is a Wheat Board matter, Mr. Argue.

Q. You do not know whether there was or not?—A.— I have an idea that the price was pretty constant over that period, but the question is, as I say, quite outside the province of the board.

The CHAIRMAN: Shall this carry?

Item agreed to.

Exports—page 8.

The WITNESS: If you will refer to page 47 you will see there an explanation of this.

The CHAIRMAN: It gives the overseas exports of Canadian grain by ports for the crop year 1954-1955. Again, this is all statistics.

The WITNESS: There is one thing here on which I might comment: you will notice that since I have been Transport Controller exports from places like Sorel, Three Rivers and Quebec have been much heavier than heretofore. Most of the business was done in Montreal but we are making full use of the facilities at these other ports. As you see, there have been substantial shipments from Sorel, Three Rivers and Quebec.

Item agreed to.

Domestic.

The WITNESS: That is referred to on page 41, gentlemen.

By Mr. Pommer:

Q. Mr. Milner, would you state how much, roughly, went for human consumption? Could you tell us how you used all this wheat?

Mr. BAXTER: The figures with regard to that are as follows: 53,776,000 bushels were used for human food during that year, 30.5 million for seed and 74.2 million for animal feed and other uses.

By Mr. Quelch:

Q. I take it you have no idea whether that wheat will be used for domestic consumption or exported abroad—in other words there is no difference between the standards of the two?—A. No, there is no difference in the standards of grain shipped out of the terminals.

Item agreed to.

Licensing and Bonding.

By Mr. Nicholson:

Q. Mr. Chairman when the representatives of the Interprovincial Farm Union were here they mentioned one or two problems under this heading.—A. Under licensing and bonding?

Q. Yes. There is an incident from Nippewan, Saskatchewan, I believe which involved the sale of some seed grain. I think the facilities of the Searle

organization had been used and the farmer, who delivered the grain in good faith, was not paid. There was some misunderstanding, I guess, as to whether the certificate you had given required bonding—A. I know the case to which you are referring. It was a case where a farmer had dealt in grain which was not described under the Canada Grain Act. The point involved is that of the commission merchants licensing bond—we require that they post a bond when we register them as commission merchants but, under the terms of the bond, this applies only against grain which is described in the Canada Grain Act. In the case of this seed grain it did not apply. The provincial governments themselves have certain acts which protect people who are selling grain other than grades which are described in the Act. As I say, it did not qualify under our bond and whether the man concerned can get a compensation is still undecided. We took the matter up with three provincial departments of agriculture and I understand, in fact I know, that the matter is still being studied by them, namely whether they can give some kind of protection.

Q. As I recall it the provincial governments considered that this was a matter for you; apparently they did not have any legislation?—A. You mean for the federal government?

Q. The federal government. In the light of this particular situation have you any recommendations to make in connection with a possible change of regulations so that a situation like this would not occur again?—A. As a matter of fact this question is at the present moment before the legal department down here, but I cannot even guess what conclusion they will reach with regard to it. A question arises as between federal and provincial authority in connection with it, I think. We have referred it to the Legal Department here.

Q. Do you have many similar cases to this one?—A. No, they have been very few. There were three people involved in this particular case which is a very complicated one. It was a case concerning a man and one of his relations who were mixed up in farming and implement deals together and it got to the point where it was pretty evident that the matter should certainly go before a civil court; to ask the board to reach a decision on all the matters which were involved here would be to ask something beyond our powers.

By Mr. Charlton:

Q. Does the witness know whether this grain was sold by the farmer knowing that it was going to be sold for seed or did he think it was going to be sold for feed or export?—A. It was sold as seed by the farmer.

Q. The farmer knew it was going to be sold for seed?—A. That is right, and in all the correspondence there was only reference to "seed".

Q. It could make quite a difference. If a farmer sold to an elevator not knowing the elevator was going to sell it, and he sold it for seed it could put the onus on the elevator instead of on the farmer, but if the farmer knew it was going to be sold as seed—

The CHAIRMAN: If it had not been seed the question would not arise. The question only arises because he sold seed grain. Shall we carry that?

Item agreed to.

By Mr. Johnson (Kindersley):

Q. How much of the increased storage space can be accounted for by the efforts of individual communities building skating rinks which they have leased to elevator companies for temporary storage and how satisfactorily is that working out as far as you are concerned?—A. It has worked out fairly well, Mr. Johnson, up to date, but some of these skating rinks, as you may know, are not built, say, on a high piece of ground where the water

will run off and the difficulty is when our assistant commissioners go to inspect these premises we do insist if it is on a very low piece of ground that they build a false floor which is a very expensive thing to get it up to where we will not be plagued with cars out of turn for out of condition grain as soon as the first thaw comes along.

Q. Do you suggest that any community going into this would be well advised to contact the Board of Grain Commissioners to get their advice and there would be no difficulty in insuring that an elevator company would be able to lease the rink for storage?—A. Well, in a recent ruling which we put out we said we would not entertain any further applications for that type of storage.

By Mr. Quelch:

Q. What was the reason for that?—A. The reason was we were getting up to where the Wheat Board asked us to come over and discuss this subject with them. In their case they were interested from the fact that a lot of grain was getting into places where it was not available. These skating rinks, as you know, are located off railway sidings and the stocks are not immediately available for the purposes of the Wheat Board to complete sales. It was entirely originated by the Wheat Board and they said they were concerned about the great amount of this storage space that was building up. When you asked me if we had difficulty in connection with it, Mr. Johnson, it is shown in the report where we had for out of condition grain in 1955, 504 cars granted out of turn. You will see that on page 10 under "Elevators and Annexes in Danger of Collapse, Elevators and Annexes Flooded, etc." and you will see there were 1,759 cars that we had to give out of turn in 1955. Invariably that grain was the type of grain that was not required in export channels and it was, as you can see, from those figures, quite an amount of grain and caused us quite an amount of trouble and it upsets the marketings at the point. So, as I said, the Wheat Board asked us to go over and discuss this subject with them. They were of the opinion and our board agreed that perhaps there was enough of that type of storage until we could get another look at what the situation might be this year.

By Mr. Johnson (Kindersley):

Q. As far as you are concerned, any contracts which have been made will be honoured?—A. Yes, any contracts which have been made. In fact, we had one brought up not long ago down in your country which had been entered into but we had not received the application for it but I told them I felt it would go through. It is Shaunavon.

Q. Some of them were built in the hope that they could put grain in them for three or four years to retire the debt?—A. Yes. There was agreement between the elevator companies and the communities to try and do that.

By Mr. Argue:

Q. As I understand, the only guarantee that the elevator made the community skating rink was that they would be prepared to put grain into the rink if they had a surplus but once the grain went into the rink then they guaranteed storage on it for a period of time, perhaps 18 months or 24 months. As I understand it, there was no guarantee whatever that grain would go into the rink?—A. I think perhaps that is correct.

Q. So the question now is even though there is not a guarantee do you know whether there has been any discussion between the elevator companies, the Wheat Board and the Board of Grain Commissioners to endeavour to

make use of these additional facilities?—A. Of course, taking the one at Shaunavon, it will be filled the minute it is completed but that will be done by raising the quota at the point or if the quota will permit the delivery of grain at the point.

Q. Then, let me put the question another way: do you say in all likelihood the great majority if not all of the skating rinks under contract will be filled with grain this year?—A. Unless there is a terrible crop calamity which nobody can foresee at the moment, I would say they will all be filled.

Q. Can you tell me why there should be any more danger of grain spoiling in a building built in the form of a rink, built to a certain specification laid down by the Board of Grain Commissioners and the Wheat Board than there is with grain being stored in an annex?—A. Mr. Argue, may I explain this to you, the Wheat Board will only pay storage charges on grain storage that is licensed by the Board of Grain Commissioners. Now, when the Wheat Board says to us: "We think we have enough of this thing. It is putting grain in a position which is not readily available. We do not think any more should be done. Will you go along with us on this action for the present?" Our board said, "Yes, we will go along with you on this thing". That is the position with respect to off-site storage the reason being you can see that if we refused to licence it, it immediately stops the community from going ahead and building it and there would be no object in them building it.

Q. My question was do you feel from your experience in the grain business that there is any more likelihood of grain spoiling in the type of rink that has been and is being constructed in the west at the moment than in a great many of the types of annexes that have been licensed.—A. No, I do not think there is any more danger of grain spoiling in that type of structure.

Q. I certainly agree with you on that point and I am glad to get confirmation. I think I would go one step further and this you may not agree with, but I would say that some of the off-site storage, and I am thinking of a place like Mazenod—I understand there were three or four buildings of three or four or five thousand bushel size put up there according to standards laid down by the Board of Grain Commissioners and it seems to me that the smaller type of building that has been constructed of two or three or four thousand bushels that in that kind of structure the grain is infinitely more safe than it is in the type of annexes that have been holding grain over the last ten years. I should much rather take a chance if I owned 100,000 bushels of grain of having it stored in 50 bins that held 2,000 bushels than I would if it was in an annex or in a rink.—A. That is like insurance, a scattered risk proposition in any case. I think you are quite correct in that. A lot will depend on the site. You say one thing I would like to correct. We do not specify how the rink should be built. We do suggest to the people who are making application for annexes and we only have an application for the building after it is an accomplished fact, sometimes we have said: "We do not like that kind of building and if you put grain into that annex we will tell you now if you ask for cars out of turn when this building floods as it likely will, you just make some other arrangement; you are getting no cars out of turn to protect you on this building". That is the difficulty. It is a question of the location of the building rather than the type of it. It is not a very difficult thing to build a building that will be safe storage for grain. More depends on the site than anything else as far as damage is concerned.

Q. In my little community we have thought about a rink—we have gone a little farther than thinking about it but that is as far as we got. Anyway, we had very definite advice from the Canadian Wheat Board I believe, perhaps also the Board of Grain Commissioners as to the things that should be done

in order to insure that the grain in it will keep well and one of the things that was stressed was high ground and as far as we were concerned, we were putting it on ground that was as well or better drained than the local elevator site and these towns I have passed through, where I have seen these types of buildings, I think invariably have all been reasonably well drained sites. I am wondering why the local community club that is building the rink and the Board of Grain Commissioners do not get together before the thing is built and why should not the inspector say to them: "We will not approve necessarily what you build but as far as the site is concerned, we will not turn it down on account of the site".—A. Well, as I say, we put out an order which reads as follows:

Re: Off-Site Grain Storage

The following press release was issued today by the Board of Grain Commissioners for Canada and The Canadian Wheat Board.

The licensing of off-site grain storage is a matter of concern to the Board of Grain Commissioners for Canada and The Canadian Wheat Board. The Board of Grain Commissioners are interested from the standpoint of actual licensing and the adequate warehousing of grain. The Canadian Wheat Board are interested from the standpoint of availability of grain for prompt shipment. Both Boards have carefully reviewed their position in respect to the licensing of off-site storage facilities.

As a result of discussions between the two Boards it has been decided that no further application for off-site storage will be considered. This decision has been reached after careful consideration of the storage position, including the extent of off-site storage presently licensed and the immobility of grain stored in many types of off-site facilities.

By Mr. Johnson (Kindersley):

Q. Mr. Chairman, I would protest that decision on the basis of what I know, because in the first instance I would disagree with the reason that the Canadian Wheat Board advances because invariably most of them have to be emptied by truck or augur in the same way any other building would be emptied. The limitations on availability would only be weather extremes, snow conditions or if we had excessive rainfalls which are not generally the conditions in the west. The other reason why I would protest is that this same off-site storage has been the one factor which has let many of the marketing points south of the river have the quota which they have. I am thinking of towns like Sceptre, Richmount, and Abbey—places who have reached their quota only through the fact that they have cooperatively built a rink which holds their quota. In days past their quota has been much below the general average for the province. I would hate to see any regulation now which may have the effect on the ability of the population to sell their grain on the basis of the facts which have been presented.

By Mr. Quelch:

Q. With which body does the responsibility actually reside—the Wheat Board or the Board of Grain Commissioners?—A. With respect to the licensing, the responsibility lies with the Board of Grain Commissioners.

Q. If you so desire you could then licence additional space?—A. We could licence additional space, yes.

Q. In view of the fact that apparently not more than about 7 bushels per acre will be accepted by July 31—I do not want to be dogmatic on that—and in view of the fact that it looks today as if there will be a pretty good crop

in the west there is going to be tremendous pressure in the fall to get grain into the elevators. Therefore, there will be the same pressure provided crops are good next fall as there was last fall to get additional grain into elevators of some kind or into storage and if the local communities are enterprising enough to make a deal with some local grain agency such as a wheat pool or some other line company to build space and to rent it to them I would have thought the Board of Grain Commissioners would have been quite prepared to licence it providing it is good storage. Why discourage enterprise of that sort? You should encourage it, I would have thought. On the other hand, there is going to be this idea going abroad that if you cut down the storage the farmers will think it is due to change in government policy regarding payment for storage. The more you accept into storage the more the government will have to pay and the feeling will get abroad that the government is frowning upon paying more storage. That is what will get around.

Right Hon. Mr. HOWE: We are not cutting down any storage at all. No one can say what this crop will be. It is promising at some places and not so promising at others. If we get too much in off-site storage it might be hard to find the wheat when we need it in a hurry.

Mr. ARGUE: Mr. Chairman, if I may make a comment I think the practice followed in the past few years, licensing these community rinks for storage of grain is one of the best policies that has been adopted as far as additional storage is concerned.

Right Hon. Mr. HOWE: We are not upsetting any deals that have been made, but I think to encourage towns to build rinks to store grain might be expensive for the town. There must be reasons for building a skating rink other than to store grain.

By Mr. Argue:

Q. I do not think you are going to find any community, town, whatever it may be that is going to undertake to build a rink unless it first gets a contract with an elevator company and unless it feels it has some reasonable assurance that after the rink is built, the grain will go into the rink. I do not think that any elevator company is going to provide a contract unless it feels that there is reasonable prospect of it being able to take advantage of the storage facility when it is made available. But I want to point this out: there has been over the years apart altogether from rinks, a very vast increase in storage facilities and a great deal of this increase in storage facilities has been permanent annexes owned by the elevator companies and the elevator companies have made a real harvest through storage payments on grain in annexes. Producers particularly last year when they saw over 16 cents a bushel in the annual report as a cost of storage and carrying charges, protested that so much was going by way of storage to elevator companies. The government has come along since with a bill to provide storage payment for a certain quantity of grain, but I think it is far, far better for a community to be able to build a rink so that when the period of congestion is over the children growing up in that community will have the recreational facilities of a rink. It is not increasing the cost of storage. It merely means that a part of the storage fee usually over half the regular storage fee will be paid to a community for a community enterprise that will assist the recreational facilities in that community. That is far preferable to merely extending annexes, and if the Wheat Board's policy is: "We will not make up our minds today; we are going to wait and see and if the situation is such that we need additional storage we will give this type of storage sympathetic consideration" then I have no complaint, but if it is a fundamental change in policy, namely, that

the additional storage that is to be built in the future will be built on the site by elevator companies so that the elevator companies get all the additional storage payment and the community gets nothing, then I think it is a mistake. I am hoping if there is a surplus situation this fall this type of policy will once again be entered into, because I think it is one of the best policies that has been adopted for the storage of grain.

The CHAIRMAN: Shall we carry this?

Agreed.

The CHAIRMAN: And along with it is Appendix C, which is the same thing.

By Mr. Nicholson:

Q. I now have the Farmers' Union submission on this Blakey case. It would appear from the evidence that Mr. Blakey, a farmer in the Nipawin district of Saskatchewan, sold to Mr. Dan Lefebvre 1,095½ bushels of Registered Thatcher seed wheat at \$1.37. According to this Mr. Lefebvre was licensed by the Board of Grain Commissioners as a grain dealer in Nipawin and district and a bond was held by the board pursuant to the Canada Grain Act, subsection 3, section 79. The wheat was later sold by Mr. Lefebvre to James Richardson and Company in Winnipeg and they in turn paid Mr. Lefebvre for the transaction. Mr. Lefebvre apparently fled the country and the farmer was left holding the bag.

It appears that Mr. Lefebvre had rented a seed house from the McCabe Grain Company and there is a lot of correspondence in connection with this case. I find that on the 29th of January, 1955:

Notice was sent on to the Board of Grain Commissioners in Winnipeg who have now, we understand, advised our principals that due to the fact that this grain transaction specifically stipulated that the transactions involved seed grain and that neither Form 9 nor Form 10 of the grain dealers' purchase note as specified by the Canada Grain Act was used in these transactions, it has been ruled by the Department of Justice that Lefebvre was not a licensee of the board at the time of these purchases. The Board of Grain Commissioners has therefore withdrawn their claim under Lefebvre's bond and we are unable to do anything further in the matter.

Then, I read the correspondence from the Deputy Minister of Agriculture for Saskatchewan. He in turn apparently has been in touch with the deputy minister in both Alberta and Manitoba and in their view they state:

We feel that provincial legislation to require licensing and bonding of seed dealers that are associated with works such as those listed above would be *ultra vires* of the province.

It would be desirable to have licensing and bonding requirements extended to give as much protection as possible to farmers in the selling of seed.

This is on the last page of the brief. I will start that second last paragraph again:

It would be desirable to have licensing and bonding requirements extended to give as much protection as possible to farmers in the selling of seed. At present it seems that this could only be done under the Canada Grain Act and the Canadian Wheat Board Act and we should certainly like to see such action taken. We believe the province would have jurisdiction to require licensing and bonding of the itinerant type of buyer who is not an employee of plants or companies that come under the jurisdiction of the two acts mentioned.

Due to the fact that this letter was written May 13 last year and while there apparently are not many cases involved I think we would not want many farmers to be in a position where they sold seed grain to a buyer who had a licence from the board but who did not supply the right type of receipt. Most farmers are not too familiar with the type of regulations and as long as they get a receipt they have no way of checking as to whether or not this is in approved form or not. It seemed to me that since the three prairie provinces apparently consider that this is a matter that comes under the jurisdiction of the Canada Grain Act it would appear to me that we should have some progress report to indicate that this sort of thing can never happen again. If there is no chance of this particular farmer having his grievance adjusted it seems to me we should have a progress report to indicate that something has been done since then.—A. There is nothing more we can do after the letter that was sent by the Department of Justice. What do you suggest we should do—tell the Department of Justice that they don't know what they are talking about? That is about all we could do.

Q. You issue the licence?—A. Yes, but the licence only refers to grain as defined in the Canada Grain Act. Seed grain is not defined in the Canada Grain Act.

Q. I think if we would just slow down and if you would stop barking, I am making a suggestion. I think that the witness who has handled this case should be prepared to recommend. If the legislation we now have does not make provision certainly legislation should be passed so that those who are simply licensed should be required to be properly bonded so that farmers who deliver grain to them in good faith have a chance to take the necessary action and the farmer is not left holding the bag for \$1,000.—A. I felt sorry for this farmer up there and thought it was a poor thing they didn't have some kind of protection, but we came across section 172 of the act, which reads:

Nothing in this act shall be deemed to prevent any person from dealing with any grain not described either by a grade name or by reference to a sample selected under regulations made pursuant hereto, or from shipping any grain not so described to any place in Canada.

Q. You assumed that—A. That is in the act.

Q. That has been the reason for pulling out of this particular case after beginning it and assuming you did have some responsibility?—A. We didn't assume it. We thought we would try it and were called off it.

Q. Is there any reason why the act cannot be changed so there will be no doubt in the future? Is there any reason why it cannot be changed?—A. You would have to ask the Department of Justice.

Q. I thought the Board of Grain Commissioners was the appropriate government agency which is handling this problem and where you come across a case where a farmer is left holding the bag for \$1,000, in the light of that experience and in view of the case before the deputy minister of the three provinces—A. They were not all alike, were they?

Q. We have not the evidence here. If you have information to the effect that legislation has been passed—A. Legislation has been passed in some of the provinces and I have not the information here, but I will try and get it for you if you wish. But as far as the Board of Grain Commissioners is concerned, Mr. Nicholson, we administer the act as it is given to us by parliament and we have no right to suggest to the government even on a matter of that sort, when it is specifically stated in the act that there is nothing to prevent any person trading in seed grain.

Q. The Deputy Minister of Agriculture of Saskatchewan says: "It would be desirable to have licensing and bonding requirements extended to give as much protection as possible to farmers in the selling of seed." It would appear

to me that the Board of Grain Commissioners is the appropriate government agency to be handling these matters, to make recommendations to their responsible ministers.—A. Mr. Nicholson, we did do that and we were advised that that was strictly a provincial matter. It was a transaction of grain within the province.

Q. Not necessarily, this grain went from Nipawin to Winnipeg. It was an interprovincial transaction.—A. I am talking about the transaction between the farmer and the buyer. That was between Lefebvre and Blakey. That was the transaction over which there was a complaint. There is no complaint about the transaction between Lefebvre and Richardson.

By the Chairman:

Q. The complaint was within the province?—A. Certainly.

The CHAIRMAN: Shall we carry this.

Agreed.

The CHAIRMAN: Assistant commissioners at the bottom of page 8?

The WITNESS: Well, that just simply deals with the fact that Mr. Joseph Hetland was appointed to the position of assistant commissioner. He has jurisdiction over the northern half of the province with headquarters at Saskatoon. Assistant Commissioner Allan G. McLean has jurisdiction over the southern half of the province with headquarters at Regina. They have both been doing a lot of work and very good work.

By Mr. Johnson (Kindersley):

Q. Was Mr. Hetland with the board prior to his appointment as assistant commissioner in some way or another. I ask that in good faith. I have heard the name Joe Hetland, but I do not know who he was. What qualifications did he have?—A. He had been a grain buyer for years and he sat on this committee.

Mr. ARGUE: He belonged to the right party.

The CHAIRMAN: Shall it carry?

Agreed.

"Prosecutions" on page 9.

The WITNESS: They are just statistics.

By Mr. Argue:

Q. Could you tell us something about the prosecutions?—A. The big one there is we had been plagued for cars when we gave permission for damp grain to be shipped. In several years there was quite a lot of chiselling being done by elevator companies. They shipped just what they wanted to and used damp grain permits as an excuse for getting a car and we decided it was time it was put a stop to, we warned the companies that when we gave permission to ship damp grain that if they shipped the straight grain they would get a penalty. They did not believe us, so they got a penalty. I think it has been cleaned up.

Q. What were the others?—A. Several were for the loading of cars illegally, that is, using a name on the car order book improperly and one was improper use of shrinkage tables. We made a very careful study of the shrinkage that has been taken and in fact on all our assistant commissioners' reports now when they visit the elevator, we make them make a notation that they have examined the shrinkage taken and that the tickets have been made properly.

Q. Is here any explanation of these things in the appendix?—A. No, not in connection with the prosecutions.

Q. Can you give us the list of the persons and the companies involved and the amount of penalty in each case?—A. I can. I do not think you would like it. I do not think it would serve any purpose, Mr. Argue. I am perfectly willing to give it to the committee.

Mr. MANG: Might be able to use it out in the country.

The CHAIRMAN: I wonder if it would really be advisable.

By Mr. Argue:

Q. I am willing to be persuaded, but I can see nothing wrong with it. Is this information not public anyway?—A. It is only put here in this way. We do not name the people who were charged in it in any way.

Q. There would be sometimes public hearings?—A. This was not a public hearing. This was a matter between the board and the company who misused cars.

Q. Who misused cars you gave them to ship damaged grain, and they shipped straight grain?—A. They were chiselling on cars which had been supplied.

Mr. JOHNSON (*Kindersley*): I am not concerned with whether it is published or not, but I think the very fact that you impose a fine implies that you wanted to penalize them and you cannot penalize an elevator company more than to publicize the fact that they had committed a misdemeanor and had been given a penalty.

By Mr. Blackmore:

Q. Would that be penalizing them too much?

Right Hon. Mr. HOWE: Yes, that is a double penalty.

The CHAIRMAN: I would suggest we leave it at that and have a look at it. I would like to think it over.

The WITNESS: I do not mind you having a list, any one of you, but I do think it is wrong to put it in the record.

The CHAIRMAN: Shall it carry?

Item agreed to.

“Shortages and Overages, Country Elevators”, page 9.

The WITNESS: Shortages and overages in country elevators, it lists there what they are and we have a table here if you want to ask any questions about it. Mr. Baxter can deal with it if you want to talk about overages or shortages in country elevators.

The CHAIRMAN: Overages and shortages are at page 52.

By Mr. Johnson (Kindersley):

Q. What was the average time that elapsed before you were able to weigh over the 1,257 elevators that you did weigh over. They were not weighed over annually?—A. It took all the way from one to three years.

Q. So it would be very difficult to assess the overages, I presume, on one or another?—A. You could not very well do it.

By Mr. Argue:

Q. What were the total bushels involved in shortages and the figure for overages?—A. Mr. Baxter will answer that.

Mr. BAXTER: On total bushels by individual grain, this is all gross, 218,272 for wheat, 100,362 for oats, 52,302 for barley, shortage of 239 bushels of rye, an overage of 4,685 bushels of flax, making a grand total when you adjust for shortages of 375,382 bushels which represents .04 of their handlings.

Mr. ARGUE: This is a net figure. You have subtracted the net shortages from total overages?

Mr. BAXTER: It is a net gross figure.

Mr. ARGUE: So that in overages generally, there would be something in the neighbourhood of \$375,000 involved.

Mr. BAXTER: There was 375,000 bushels and in that would be a 100,000 of oats which would be at less than \$1 a bushel.

Mr. ARGUE: 218,000 of wheat?

Mr. BAXTER: Yes, and 52,000 roughly of barley.

Mr. ARGUE: Well, there would be something of over \$300,000 certainly?

Mr. BAXTER: Yes.

Mr. ARGUE: In your knowledge of operations of country elevators would you say that most of these overages occur because the farmer was underweighted or overdocked?

Mr. BAXTER: These are gross figures, not net figures. That has nothing to do with dockage.

Mr. ARGUE: Would not most of it have to do with the farmer having been misweighed?

Mr. MILNER: Well, misweighed to the extent of 4/100 of 1 per cent. As far as the gross overages are concerned, in country elevators we are going to keep hammering away at them but I do not think you can expect much better showing than you have had recently. Now, a few years ago I think the members can see this graph—here is the overage in red and blue the gross and we have got it right down to the bottom at 4/100 of 1 per cent. I really do not think you could get country elevators to weigh any closer than that and I do not think if I gave a scale to every man in this room you could possibly do better than 4/100 of 1 per cent. I think it is a very good showing. We are not going to stop and we are going to continue to go after these agents but I do not believe you can get agents to weigh much closer than that.

By Mr. Argue:

Q. Can you give us the comparable figure for each year for the last five or six years?—A. Yes, I have that.

Mr. BAXTER: Is that percentagewise or per bushel?

Mr. ARGUE: Percentagewise. You have six years?

The WITNESS: The figures I will give you are all grains 1954-55 was .04, the previous year was .02, the previous .04, the previous year .04, the previous year .06. Is that far enough?

By Mr. Argue:

Q. Oh, go a couple more.—A. The previous one was .04.

Q. Try another one?—A. This is the one that I did not want to give you. This is point .003. I was willing to stop before we got to that one. Before that it was .16, .26, and .47 so there has been a great improvement.

By Mr. Quelch:

Q. Mr. Milner, while I agree that you are bound to have overages unless we are going to cut them down to a position where they will have suffered a loss but in view of the fact that they are acting as agents for the Wheat Board, should not the overages be returned to the Wheat Board?—A. I think the companies might be agreeable to that if the Wheat Board guaranteed them against shortages.

Q. If they had more losses than overages it would be the other way around; there would not be any overages shown on balance. It is the balance between overages and losses?—A. Yes.

Q. I mean the balance should be turned over and let the overages supply the deficiencies and anything that is left over be turned over to the Wheat Board.—A. That is matter for decision by the Wheat Board. All they would have to do is say they did not want to buy it and the grain companies cannot do anything but sell it to them.

The CHAIRMAN: Can we carry this?

By Mr. Argue:

Q. Would you go back, Mr. Milner, a few years and give us the number of elevators reporting overages in excess of .5 per cent?—A. I can get the information for you. I have not it at the moment but I will give it to you tomorrow. Will that be satisfactory?

Mr. ARGUE: Fine.

By Mr. Quelch:

Q. Mr. Chairman, I wonder if the minister could comment on that in view of the fact that elevators are acting as agents for the Wheat Board buying wheat for them then surely any net overages should be returned to the Wheat Board, should they not?

Right Hon. Mr. Howe: Well, I think you would have to couple with that, if you wanted to do it, you would have to agree that the elevator should be reimbursed for every net shortage.

By Mr. Quelch:

Q. That would be all right, because in this case if you go back—how many years before you find there has been any net loss? Has there ever been a net loss?—A. You use the word "net" as the difference between shortages and overages collectively.

Q. Yes.—A. Let us not become confused between the expressions of net and gross overages. I would think that with gross overages there have always been gross overages, in the last ten to fifteen years; let us put it that way; but the question of net overages which is the amount turned over to the Wheat Board which the buyer has purchased from other sources—that of course is a net figure.

Right Hon. Mr. Howe: Regarding the terminals—I do not remember the law very well, but there is an allowance for what is called the invisible loss. I think it is only overages which are in excess of a certain percentage that are turned over to the government.

The WITNESS: It is set out in the act, yes.

Mr. QUELCH: Why not adopt the same policy in regard to country elevators?

Right Hon. Mr. Howe: If you did so, there would not be any transactions in this case. The elevator owner instructs his staff to see that they do not come up with shortages. If a man comes up with a serious shortage, he gets fired. If the government should make up the shortages, there might be more of them.

The WITNESS: It is a very close figure.

The CHAIRMAN: Carried?

By Mr. Argue:

Q. Would you tell me what happens in the case of an elevator company?—
A. You are asking me what happens. I can only tell you what happened in my former company. If we were going to weigh over a number of elevators, we would have a second buyer or helper, and they would work together in superintending the weigh over of the elevator, but the agent at the point would not touch the elevator at all; it would be weighed over by the superintendent and the helper. In the great majority of cases the superintendent—the travelling superintendent and the elevator agent together weigh over the elevator. And as a result of that, they send the figures from there into the head office, and the head office compiles the weigh over report of the station.

Q. It strikes me that when there is so much value involved and such an important procedure that it might be well to have a representative of the board do it.—A. With 5,000 country elevators?

Q. There is a lot of grain involved and it is the farmer's grain. I do not know what the elevator people do, but I suppose they are no different from any other people. But we do know there is a certain percentage of people in any occupation who might not always make reports completely accurate; that is something we all know; and I am sure that the people in the grain business are just as honest and honourable as people in any other business. But if you are weighing over a country elevator with 100,000 bushels of grain in it—
A. From a practical standpoint I think the best protection is this: that the superintendent would weigh over the elevator with the agent himself. From my own experience I do not remember half a dozen agents who ever kept their books so as to know what position their elevator was in accurately, and some elevator companies do not even give their agents the out-turn weights of their cars; at least they did not give them that information unless they asked for it. So the elevator agent would not know what the out-turn figures were going to be and the weigh over figures, and certainly the superintendent could not tell what the out-turn figures were going to be; and those documents are handled in the head office of the company where they are included in the books, figures of purchases and shipments out of the elevator, and a complete report is filed which is the cut-off report for that particular station. So the people involved in the weigh over have no idea what they are doing other than weighing over the grain; they have no idea of what the cut-off is going to be.

By Mr. Mang:

Q. Would you put on a penalty if a chap was caught cheating? Apparently the question is leading up to that. I mean, would the man be fired or lose his job?—A. I would think that the company would certainly fire any man if he was found to be dishonest in any way. He certainly would be fired if he worked for me.

By Mr. Argue:

Q. Are you telling me that at all the elevators as far as you know there are not sufficient records available for the persons weighing over the grain to know the final outcome of their operations?—A. No. I would say that with 95 per cent of them, from a practical standpoint, they do not know. They send the figures into the head office and their cut-off is compiled in there.

The CHAIRMAN: Carried?

By Mr. Charlton:

Q. Could the witness explain the apparent extreme shortage occurring in the eastern elevators, having regard to pages 52, 53, and 54?—A. I think you are getting away ahead of me. I do not care if you want to take it in that order, but you are getting away along to eastern elevators.

Q. Very well.

By Mr. Smith (Battle River-Camrose):

Q. Did I understand you to say that 95 per cent of local elevator men are not acquainted with the amount of grain they have taken in and the amount they have shipped out from their particular stations?—A. Not unless they keep the books themselves, and very few of them do it.

Q. I know an elevator man who got a carbon copy of the number of bushels which went into every car which was shipped, and the dockage and so on.—A. You mean the out-turn weight?

Q. Yes, and the in-turn weight.—A. Some of them do, but the big majority of the agents do not care about the out-turn net of their cars. They have an idea that the terminal end of their business will keep them humming, and of course they all complain that they take three or four bushels off every car, which is ordinary in our business; but they say “I have put so much in there”, and they send that into the head office and that is the end of it.”

Q. They do not know about anything that has happened?—A. No, but they know that they will hear if there has been any trouble about it.

The CHAIRMAN: Carried?

“Cars out of turn” on page 10.

The WITNESS: I think we discussed that.

The CHAIRMAN: Yes.

By Mr. Argue:

Q. Could you get for the committee information as to the amount of spoiled grain in relation to the handling or on any other basis, in which annexes were involved as compared to regular elevator houses?—A. I think that would be most difficult to get.

Q. Would you look into your records to see?—A. I will see if there is anything I can get.

Q. It seems to me, as a layman's observation, that the great majority of the grain that is spoiled, is spoiled while it is in an annex.—A. That is correct.

Q. And I would like to get some figures to show what price the grain system generally is paying in the way of spoiled grain in the annexes we have now.—A. I shall see if I can look up something for you.

By Mr. Smith (Battle River-Camrose):

Q. I would like to ask a question about the “car out of turn” section. What happens at a point where, let us say, the Alberta Wheat Pool made a contract with a local committee to store 250,000 bushels in a skating rink, and when it came May or June that building is not constructed and there is no room for the 250,000 bushels. What happens to the farmers in that area: is the quota stepped up over and above the 250,000 so that they may market wheat through the elevator?—A. That is a Wheat Board matter entirely. Would you like to have me answer it from what I think?

Q. Yes.—A. I think the Wheat Board would raise the quota at the point if space is available so that those facilities could be used.

The CHAIRMAN: Carried.

"Regulations and orders".

By Mr. Johnson (Kindersley):

Q. At the top of page 11, is that the order we were referring to in connection with skating rings and so on? It reads:

By order No. 1—1955-56, dated September 30, 1955, the board suspended until further notice but not beyond July 31, 1956, the provision in the board's regulations No. 23 that all grain received for storage at any licensed country elevator shall be stored in the building or buildings described in the application for licence, and not otherwise.

—A. No, that arose in this way: our regulations say that grain cannot be stored except in licensed premises; but there were some cases where they wanted to make repairs to annexes, and they would take half the grain out while they put in a new floor in the annex, and then put it back in again, and then pull the other half out and proceed in the same way. We gave them permission to do it so that they could get ahead with their annex repairs. That was the whole purpose of it.

By Mr. Nicholson:

Q. Have you any information as to the total number of rinks being used for storage?—A. I could get it for you.

Q. Have you any comments on the grain that comes out of rinks? You did not use any last year? How many years have you not been using rinks?—A. I would think for the last five or six years. We had a lot of rinks in use at one time.

By Mr. Argue:

Q. Old buildings?—A. Some were old buildings, yes.

Q. And some new ones?—A. We have had new rinks built this year.

Q. And there were some buildings?—A. Yes, some arrangements had been made in previous years.

By Mr. Nicholson:

Q. What experience have you had in connection with storage in old rinks?—A. With the ones that were new, that had been erected in the last two or three years, I would say that perhaps the experience in there was just as good as in any annex.

Q. What was the maximum quantity that you stored in any one rink?—A. It ran up to as high as 225,000 bushels in some of them. I can get you the figures if you would like to have them; would you be interested in the biggest?—A. Yes, if it would not be too much trouble.

By Mr. Pommer:

Q. These annexes are mostly in Saskatchewan and Alberta are they not?—A. Yes, and we have not many in Manitoba.

By Mr. Nicholson:

Q. You do use some air force hangars?—A. The statistician says 325,000 bushels were in hangars.

The CHAIRMAN: Carried.

By Mr. Argue:

Q. With respect to regulation 7, I think we were all pleased that the board made this particular regulation which provides a much higher standard

for No. 1 Feed Screenings than had herebefore been provided. I wonder how this new grade has worked out in the trade?—A. It has worked out very well in the trade. Mr. Dollery here could give you the percentages of broken grain which have been placed in the No. 1 Feed Screenings over the period.

Mr. A. F. Dollery (*Chief Grain Inspector, Board of Grain Commissioners*): I have a very large file. I will pick some at random. Would that be satisfactory?

Mr. ARGUE: That would be fine.

Mr. DOLLERY: I have the cargoes and also the car shipments.

The WITNESS: I think it is the shipments you are interested in, going into the domestic market?

Mr. ARGUE: Yes.

The WITNESS: And the other goes into the American market; I do not think you are interested in that at all.

Mr. DOLLERY: I shall take some at random; 74 per cent of broken grain; 55 per cent; 52 per cent; 70 per cent; 65 per cent; 36 per cent; you see that was just under the wire in that particular case; but on the average, sir, it goes all the way from 50 per cent to 75 per cent of broken grain.

Mr. ARGUE: Why are the elevator companies providing this higher standard than is actually required? Is it a matter of convenience?

Mr. DOLLERY: You may recall that last year when we discussed this subject the new regulation went into effect on August 1st and that was after Mr. Milner and I had interviewed terminal operators. And you will recall that some No. 1 grade of screenings went east to Kenilworth Ontario with 95 per cent of wild buckwheat. They were quite right in grading it under the existing regulations. We thought at the time that we would draw it to the attention of the terminal operators, and we did so and they cooperated wonderfully, and this is the result.

Mr. ARGUE: What did you say to them?

Mr. DOLLERY: Perhaps Mr. Milner would tell you what he said.

The WITNESS: It was unparliamentary language! I simply pointed out to the terminals that I thought that it was bad for their business, and that if they did not change their methods, we would change the regulations. I said, "We do not want to change them in the middle of the year; so think about it and talk it over and telephone me back and tell me just what you are prepared to do." And they said they would see to it that there was 35 per cent of broken grain that went into the screenings.

By Mr. Argue:

Q. What time was it that this happened?—A. I cannot remember, but I do know that one afternoon I said to them, "I want you to look at this." It qualified all right for No. 1 Feed Screenings, and we discussed it, but that was not the type of thing they might want in the east. So I convened a meeting of the terminal operators for 10 o'clock the next morning and at 11 o'clock the order went out to increase the amount, so you see it was handled as quickly as possible.

Q. Approximately what time of the year was that? What month?

Mr. DOLLERY: It was in May, if I remember correctly. It went into effect immediately, but not officially under the board's regulations until August 1st.

The WITNESS: It was shortly after the meeting of this committee last year, whatever date that was.

By Mr. Argue:

Q. This might be an appropriate time to say that I think the committee is very pleased with the change that has been made. I think it will benefit the producers of grain and maintain the reputation of western grain, and it will help the purchasers in the east. We do not want them to be purchasing the kind of samples we saw in the committee last year.

The CHAIRMAN: Carried.

The WITNESS: That was an unfortunate thing, as Mr. Dollery pointed out; it qualified under the act but the buckwheat cleaned out was from flax, and it was shipped out in accordance with the act.

The CHAIRMAN: Carried.

Now, page 12 "Inspection of grain".

Mr. JOHNSON (*Kindersley*): What about the committee on grain standards on page 11.

The CHAIRMAN: Oh, I am sorry, yes.

By Mr. Johnson (Kindersley):

Q. Just what is the function of this committee on grain standards?—A. I shall ask Mr. Dollery to answer that; this is a committee appointed under the act and it consists of the personnel which is given at the back.

The CHAIRMAN: What page is that, Mr. Johnson?

Mr. TUCKER: It is page 18 at the back.

The WITNESS: Yes, page 18; that is right. You will see that there are four representatives of the grain growers in Alberta; five representatives of the grain growers in Saskatchewan; three representatives of the grain growers in Manitoba, with one representative of the grain growers in British Columbia, and a representative of the plant products division, Department of Agriculture. And those persons listed at the top.

Mr. JOHNSON (*Kindersley*): What is their function, and what do they do?

Mr. DOLLERY: Under section 25 of the Canada Grain Act,—I shall read this section to you as follows:

(1) The board shall on the 1st day of July in each year cause to be constituted a committee on western grain standards and a committee on eastern grain standards (hereinafter called the "Western Committee" and the "Eastern Committee", which committees respectively have jurisdiction to select and settle the standard samples to be used in the crop year commencing on the 1st day of August following in connection with the grading of western grain and of other grain.

And it goes on with the members of the western committee which Mr. Milner just mentioned in plain language; on the first day of August I start to prepare a report of crop conditions. There is always damage in every crop, different damage. I have never seen two crops exactly the same in my long experience of nearly 46 years.

I assess the value of the damage to these crops and I collaborate with Dr. Anderson. You may have wire worm damage, rust damage, or other damage; and I gather samples and submit them to Dr. Anderson for milling and baking tests so I may get an idea of the de-grading factors.

After that I gather samples from all parts in each province of western Canada. The pools and the other grain firms cooperate marvellously with me through their agents; and when the shipping instructions of the Wheat Board are so tight, they sent me samples in from every country point that I nominated;

and those two-bushel bags are collected together in the inspection office and the grain in them is cleaned over the cleaner, and protein tests are made, and we determine what the grade is from those bags for standard, and they are mixed up according to grade for the committee meeting.

I prepare standards which I think are suitable for that year and the committee either accepts or rejects them. That, roughly, is the procedure that is carried out.

Mr. JOHNSON (*Kindersley*): That is the explanation I wanted. I know that in the 1954 crop the farmers who delivered in the fall got No. 3 while the next year it was No. 4, and they wondered why wheat No. 3 went from that number to No. 4 the next year. Your explanation is that the standards were changed through some improvements or through some means or other.

Mr. DOLLERY: The definition has not changed.

Mr. JOHNSON (*Kindersley*): But they were getting a different grade.

Mr. DOLLERY: That is quite possible because damage may have occurred in storage.

Mr. JOHNSON (*Kindersley*): But it was the same wheat they were selling from one year to the next.

Mr. DOLLERY: I would like to see the samples. But our definition is the same. It is just the commercial grades that changed.

The WITNESS: Our statutory grades are not interfered with.

Mr. JOHNSON (*Kindersley*): If you have No. 2 wheat, then it should be No. 2 wheat ad infinitum.

The WITNESS: That is right.

By Mr. Quelch:

Q. Have you not raised the standards slightly over the past few years?—
A. No.

Mr. DOLLERY: No. The standard is not raised. Until the Canada Grain Act is amended and the definition is changed, I dare not raise the standards, but I always try to maintain the very best quality I can for export overseas.

Mr. GOUR (*Russell*): Surely!

Mr. DOLLERY: If we let down our sights on the standards and the quality, I do not know what the Wheat Board could do to sell it.

Mr. QUELCH: What about garnet wheat?

Mr. DOLLERY: That is a statutory grade.

Mr. QUELCH: You cannot grade it higher than No. 3.

Mr. DOLLERY: No. 1 cw, No. 2 cw, No. 3 cw and there is a commercial grade No. 4.

Mr. QUELCH: And Red Bobs; that is still No. 3?

Mr. DOLLERY: That is right.

Mr. JOHNSON (*Kindersley*): If a sample of grain were taken from a bin and sent to your inspection branch and it came back as No. 3, that is pretty well a guarantee that the sample in subsequent years would also come back as No. 3?

Mr. DOLLERY: No, not entirely; there may be something happen to it, something in the meantime, some infestation which might take place, or it may be heated.

Mr. JOHNSON (*Kindersley*): Yes, but barring such a thing happening?

Mr. DOLLERY: If there is nothing wrong with the grain, it should grade the same the next year.

Mr. QUELCH: When you get a sample, do you know the point from which it comes?

Mr. DOLLERY: Our inspectors do not know the point of origin.

Mr. QUELCH: There is no such thing as zoning?

Mr. DOLLERY: No.

Mr. QUELCH: Did there not use to be?

Mr. NICHOLSON: There is a much greater volume of rape seed grown now. Is there any recommendation that rape seed should be considered?

Mr. DOLLERY: We have always graded rape seed; it is what we call a commercial seed. At the time the grades were set up it was put in the act as Canada rape seed, one grade of rape seed. There are only two grades now, Canada rape seed and Sample rape seed.

The CHAIRMAN: Carried.

By Mr. Argue:

Q. Can you explain what the difference is between extra No. 2 Feed and No. 2 Feed barley?—A. Extra No. 2 Feed barley was established last August first, as a commercial grade and it was set up to take care of any volunteer growth, of other cereals also will take in one per cent of heated kernels. That was mentioned—I think it is in last year's report—we discussed that at the standards meeting with the western committee for three years before we came to a conclusion that it would be beneficial to the producers to set up that extra grade. We received numerous cars of barley in with the heated kernels, and it automatically went into No. 2 feed barley. But the western committee thought that it was advisable to set up a grade, an extra No. 2 feed barley to take care of that which had heated kernels up to one per cent and naturally the price would be a little more for the producer.

Mr. ARGUE: What quantity of wheat can appear in this graded barley?

Mr. DOLLERY: Up to 8 per cent.

Mr. ARGUE: And in standard No. 2 feed barley?

Mr. DOLLERY: 10 per cent as a maximum total, including wild oats.

Mr. ARGUE: And extra No. 2 feed has nothing to do with the larger quantity of volunteer wheat in it?

Mr. DOLLERY: No. But you see, the statutory grade of No. 1 feed only carries four per cent; so if you got five per cent it would automatically go down to No. 2 feed, and if you have the extra commercial grade of No. 2 feed, it would go into a better grade.

Mr. ARGUE: And if it has more than 10 per cent wheat in it.

Mr. DOLLERY: It would go into No. 3 feed barley.

Mr. ARGUE: Is that the new grade?

Mr. DOLLERY: No it is a statutory grade.

Mr. ARGUE: What is the maximum limit of wheat in that grade?

The WITNESS: In No. 3 feed?

Mr. DOLLERY: My memory is not just as good as it should be now, and I have to look up some of these things; it is 20 per cent for No. 3 feed.

Mr. ARGUE: How long has the standard for the grade been in effect? My memory is not too good either; but I can recall a discussion of it in this committee.

Mr. DOLLERY: That went in in 1930.

Mr. ARGUE: Some years ago it may have been in excess of 20 where the grade was a so-called mixed grain, and where it had a rather substantial quantity of wheat in the grain and there was a lot of it turned up because of the frost and the bad weather the fall before.

Mr. DOLLERY: Over 20 per cent would still go into a mixed grain, No. 3, barley, and other cereals and or wild oats.

Mr. ARGUE: So there has been no change in the maximum amount of wheat that can appear in this particular grade?

Mr. DOLLERY: That is right.

The CHAIRMAN: Carried.

"Inspection of Grain " on page 12.

Mr. ARGUE: Where is the table?

The CHAIRMAN: Page 12.

The WITNESS: Page 33, Mr. Argue; and from 26 right down to 33.

Mr. QUELCH: Is the decision as to whether or not barley is suitable in grading made by your department or by the brewery, the final decision?

Mr. DOLLERY: That is a long subject and I do not want to get too involved in it. When there is a new variety of barley licensed, it is licensed after a meeting of the committee on grain research which is held every February. That is a body of men from coast to coast, and if this barley is licensed it may be licensed for feed grade only, or for malting grades.

There are two varieties licensed this year which go into effect on August 1. One is for the variety known as Parkland, which is equal to OAC-21, and qualifies in the highest grade of barley; and the other is known as Herta, a Two-Row barley which originated in Sweden, and that is licensed and only qualified for No. 1 Feed barley. It is very much in appearance like the old Sanala barley with a very deep crease.

The WITNESS: Mr. Quelch's question was this: we do not put anything on the inspection certificate as to whether it is suitable for malting or not. We simply give it the name which is specified in the act, and the malsters have men who secure and inspect samples when they arrive and decide which grades they want; it may be No. 1 Feed barley, or 3 CW Six-Row.

By Mr. Quelch:

Q. That may be on account of the damage?—A. That is right; they examine it.

Q. I know that last year a grade was passed. Apparently, the farmer was allowed an extra 1,000 bushels or whatever it was; but it was turned down by the brewery, and in the meantime he had lost his quota.—A. Sometimes the sample sent in representing malting barley is not the same as the grain in the car. We have had a few of them, but not many.

The CHAIRMAN: Carried.

Mr. ARGUE: On the standards of grain in 1955, did you find that the protein content was relatively good?

Mr. DOLLERY: Before I go into that, Mr. Argue, I can say we have nothing to do with protein content in our grading; but the standards of the samples I submit to Dr. Anderson for protein tests give him a guide as to the quality of the grade throughout western Canada. To my knowledge the protein content of wheat in Manitoba last year was the highest we have had for a good many years but in Saskatchewan it was slightly lower than the average. Of course we always get some areas in a province where the protein content is higher than in others.

An hon. MEMBER: Due to the weather.

Mr. DOLLERY: That is right.

The WITNESS: You will find it on page 55 of Dr. Anderson's report.

By Mr. Argue:

Q. What kind of weather is conducive to high protein wheat?—A. Dry hot weather.

Q. During all parts of the plant's growth or more especially at certain periods?

Mr. DOLLERY: You will recall, Mr. Chairman that during the rust years we saw wheat which though very much shrunken gave 20 per cent protein, but if you get a wet year protein is very low. So, I would say that weather is a marked factor in determining content.

Mr. ARGUE: Farmers have said this to me—and I was wondering if there was anything in it—that as long as there was dry weather in the early stages, say, for the first six or seven weeks of growth, late rainfall did not make much difference to the protein content.

Mr. DOLLERY: My opinion is the reverse of that. The berry is formed in the milk stage and I think that if there was an abnormal amount of rain then it would decrease the protein content.

Mr. NICHOLSON: Mr. Chairman I understand there were some German and British samples of wheat which rated very highly at Chicago last year and I wonder if any baking tests have been carried out with regard to this hard wheat from other parts of the world.

Mr. DOLLERY: That is under Dr. Anderson's department. I cannot speak to that.

Item agreed to.

The CHAIRMAN: Grain Research Laboratory. You will find appendix H on page 55 is related to that.

Mr. ARGUE: Have you found it possible to cooperate with the Wheat Board in any way with regard to the problem they mentioned yesterday, namely the colour of Canadian barley as it effects sales to Japan.

Mr. DOLLERY: I do not know whether I should speak on this.

The WITNESS: It is quite all right—we were discussing it yesterday. It is a question of the type of barley grain—there is a sort of barley which is favoured by certain people in the export trade which produces a good white flake, which is what they require, and a better white when pearled.

Mr. POMMER: Would Parkland come into category?

Mr. DOLLERY: No, Parkland is I believe, simply malting. I was interested in Mr. McIvor's remarks on this subject yesterday. All three Japanese delegations spent a considerable time with me in the inspection branch looking at samples and I found from their conversation that they very much liked the Hanchen barley which is white and good for pearling; also Newall. The trouble is that in the country under the quota system a farmer may have some very good barley but when he brings in his quota the agent puts it into a bin where it is probably mixed with some Blue barley.

The WITNESS: I think your point, Mr. Argue, is that some educational work should be done to develop the type of barley that would be satisfactory for that market and keep its identity preserved.

Mr. ARGUE: I do not know if it is educational—maybe it would be research.

Mr. DOLLERY: I think we have a barley now which could do it.

Mr. ARGUE: Then it should be our aim to make that information available to the producers. I think the two barleys you mentioned included Hanchen.

Mr. DOLLERY: Oh yes, Hanchen is a very nice barley.

Mr. QUELCH: The thing to do would be to get enough farmers in any one district to grow it so that there will be enough to make up a bin.

Mr. DOLLERY: If we could do that, then it would be worthwhile.

Mr. BLACKMORE: I understand, then, that climatic factors would not be prohibitive?

Mr. DOLLERY: I do not think so—no. There is considerable Newall grown in the three provinces. Hanchen is more up in your district—Lethbridge and in that area there.

Item agreed to.

The CHAIRMAN: Weighing of Grain. We might as well take in appendix F on page 37 together with that.

By Mr. Johnson (Kindersley):

Q. This question is not on quite the same topic but I would like to ask how much research has the Board of Grain Commissioners done on the conversion to the 100 pound unit rather than the bushel unit of grain?—
A. I will let our statistician talk about that. We are working on this particular question now.

Mr. BAXTER: This is not a new deal. It has been kicked around for a good number of years and I think practically all of the farm organizations and country organizations have at one time or another gone on record as favouring the move but it has more or less stood there. Recently, I think, primarily because of increased mechanization in the offices of the larger grain companies, the pools in particular, there has been increased agitation to look at the situation. This is going on both here in Canada and in the United States and as a matter of fact starting this month there is a special committee of the production and marketing service of the United States' Department of Agriculture studying this. As stated, they will have more difficulty probably, over there in that they have various state laws governing weights and the type of binning regulations, which may cause some trouble—

The problem in Canada is not as complex as theirs in that under the Weights and Measures Act the only basic unit is the pound. As far as the Canada Grain Act is concerned the cental or 100 weight is the second item specified under the Act, so there actually is a background there. As a result of this movement or pressure coming from the various organizations we have undertaken to look at the problem and the steps necessary in order to make such a change if it is considered desirable. From the point of view of the trade it is a move which is highly desirable. I think I counted 13 district conversion calculations that take place from the time a bushel of grain is delivered to the country elevator until it actually reaches the domestic or export market in which they have to turn a bushel into pounds in order to calculate their weights for freight and other billing purposes and then reconvert it into bushels. A great deal of time is spent that way. Another pressure that is growing is from the feed dealers and also from the feeders themselves. They have to convert their bushels to tons to compare their costs for the various types of feed ratios and mixes they use. Actually I think the interest in this in Canada has come to the point now where it is very desirable that some organization examine the pros and cons and give the matter consideration. The Board has considered this and plans to establish a working committee through which it should be possible to obtain the opinions of various people and organizations involved. Frankly, from my point of view, I will be very interested in hearing anything from the basic farm organizations about the matter.

Mr. JOHNSON (*Kindersley*): What benefit would it be to the producers if you changed from a bushel to 100 pounds?

Mr. QUELCH: It would be the short ton and not the long ton.

Mr. BAXTER: The 2,000-pound ton, yes sir. As far as the producer himself is concerned I do not see that he would benefit particularly except as a consumer. If he were a feeder at the same time he would benefit. From the point of view of a producer there is no direct benefit at this point until he starts getting indirect benefits through the reduced cost of office operations in connection with grain handling.

Mr. NICHOLSON: What percentage of our overseas buyers use the metric system?

Mr. BAXTER: Britain is on the English 100 weight basis and, basically, the bushel; the continent is of course on the metric system. The idea has been considered of changing to the metric system but of course that would involve our whole system of weights and measures; it would involve changing all the scales and everything throughout the country and getting us into another system. The grain trade can change now to cwts without involving the rest of the weights and measures system of the country.

Mr. NICHOLSON: Has anything been done in the United Nations with a view to getting a uniform metric system all over the world?

Mr. BAXTER: I have no information on that sir.

Item agreed to.

The CHAIRMAN: Eastern Elevators. Can we take appendix G on page 49 and 53 into consideration? Are there any questions?

Agreed.

Terminal and Eastern Complaints.

The WITNESS: This sets out the complaints we have received in connection with the handling of grain. You notice that most of them have been in connection with weights of grain short on the other side and I would think probably 50 per cent of those were cargoes which were unloaded at two ports over there. Actually there is nothing which can be said about them. You see that, generally, no cause of discrepancy has been found. This is nothing unusual—it is something which occurs every year.

Agreed to.

Complaints on Exports Shipments.

The WITNESS: Here again it is almost the same thing.

Agreed to.

Statistics, and Appendix G on page 40 giving details.

Agreed to.

Information Program.

The WITNESS: I have nothing to say about that except that in the west we have shown this film which deals with the handling of grain under the provisions of the Canada Grain Act. It has been very well received all over the country and we have had a lot of favourable comment.

By Mr. Argue:

Q. What is the length of the film?—A. Twenty-two minutes.

Agreed to.

Canadian Government Elevators.

Agreed to.

Lake Freight Rates.

By Mr. Argue:

Q. Are there any changes in lake freight rates?—A. Not with regard to these figures that are here, Mr. Argue. I think we will be faced presently with a request for an increase in freight rates, though; I have some intimation of it.

Q. Who establishes these rates?—A. The Board of Grain Commissioners set the maximum rate under the Inland Water Freight Rates Act.

Q. The setting of these rates is not subject to the Board of Transport Commissioners?—A. No.

Q. You have not an application before you?—A. I have not one before me but I know one is coming.

Q. What are they asking for?—A. I am not certain what they are going to ask for but they are going to say that due to the increase in operating costs, particularly in the case of the canal-sized vessels, they should be granted an increase.

By Mr. Quelch:

Q. Were these changed in 1954?—A. No there was no change in 1954.

Q. It says here in (b) for grain loaded during the month of December—oh, I see.—A. That is hull insurance, Mr. Argue.

Q. What were the lake freight rates 10 years ago? Let us say, in other words, how much they have gone up since the war?—A. That would be to 1946. Well, in 1946 it was 10 cents, in 1949 it was 12½ cents, and it went up to 16 cents in 1951.

Q. What about the others?—A. These are the rates that were charged, the average rates that were charged. As far as the rates that were in effect at the time the maximum rates 10 cents in 1947, in 1948 they were 12½ cents, 1949 and 1950 they were 12½ cents and in 1951 they went up to 16 cents as I told you before.

Q. And they have stayed there since?—A. Yes, that is the maximum rates. Last year, as you know, a lot of the grain was moving at an average rate of 14.4 and 14.5 a bushel.

Q. I asked Mr. McIvor whether the seven per cent general increase in freight rates by the Board of Transport Commissioners had any effect on the Wheat Board operations. This would have an effect on price?—A. It would not have an effect on the cost of getting it to Montreal, yes.

Q. So that any increase in this particular freight will be paid for by the producer?—A. Yes, you could take it that that is right. I think that is applicable to grain from the time it starts until it gets to the port. It might be said to be paid by the producer. Somebody might give you some argument on some phases of that but I still think that is a fact.

Q. I would think it would be a fact if Canada's lake freight rates went up and there were no comparable increases on a competitive basis?—A. That is right.

Q. We handled this year, I take it, something over 500 million bushels of grain. You have got that in your report. I am just trying to get a figure. Well, that would be, of course, the total amount of grain. Can you give me some idea of the amount of grain that was moving under these rates?—A. As to whether it went to the bay ports or whether it went to Montreal?

Q. What I am trying to get at is what might be involved in the way of cost to the producer by any possible increase in lake freight rates. I am not asking

you to talk about what the rate increase might be but should there be an increase of two cents a bushel what would the cost be?—A. Well, it would apply to all grain that was shipped by water out of Fort William. Can I give you that tomorrow?

Q. All right.—A. As far as that is concerned may I anticipate your question. The board will deal very carefully before they put into effect any rate increase. Under the Inland Water Freight Rates Act we are required under that act to give consideration to rates that are in effect between similar distances in American ports and between a Canadian and an American port and other existing rates and rates for carrying other commodities that are in effect at the time. If the ore rate was up very high we might have to take a very serious look at perhaps putting the rate on grain up or if the rate in the United States between similar ports should be up we would take a serious look at our rates. That is what we are required to do under the act.

Q. I am glad to have Mr. Milner's assurance that he is going to take a careful look at it. I hope he is in a very ornery mood when the application is made because the seven per cent that has already taken effect with the announcement of a further increase of some size which is going to be added to it is already greatly affecting in an adverse way the economic position of the people in the prairie provinces.—A. I realize that.

Q. And if there should be added to this burden that has already been established a further burden by way of an increase in the lake freight rates on grain it will be difficult for people on the prairies to bear in view of the fact that the price of things they are producing or have for sale are not going up.—A. I assure you our board is very conscious of that.

By Mr. Nicholson:

Q. Before we leave this I wonder if Mr. Milner could give us any information regarding the cost per bushel of moving grain, say, from Churchill to Liverpool as compared to Fort William?—A. Didn't Mr. McIvor give you those figures?

Q. He gave us selling prices at the various points. I know it varies from year to year. Have you any figures giving the cost per bushel?—A. Our statistician will give it to you.

MR. BAXTER: I have it for Atlantic and Pacific ports but not for Churchill. I had a discussion with Mr. McNeil of the Bay route just before I left and he is compiling certain figures which I can forward as soon as I receive them. Those are the figures he has built up over the years on the rates from Churchill.

MR. NICHOLSON: Can you give us these costs that you have?

MR. BAXTER: This represents cost from, say, a central point such as Scott, Saskatchewan through the eastern seaboard and western seaboard. We chose Scott, Saskatchewan because that is a 22 cent per 100 point. The first figures I will quote from the St. Lawrence ports. For 1955 55½ cents, 1954, 58·5 cents, 1953, 58·5 cents, 1952, 60·3 cents and the average from 1946 to 1950 was 60·3 cents. This is out of St. Lawrence ports.

On the same basis for shipments via Pacific seaboard 1955, 68·8 cents; 1954, 53·5 cents; 1953, 49·96 cents; 1952, 65·6 cents and the average from 1946 to 1950 was 72·9 cents.

MR. NICHOLSON: That is from Scott, Saskatchewan through to Liverpool?

MR. BAXTER: Yes.

MR. NICHOLSON: What about transport here, will they have any of the Churchill rates? Would they not have that information compiled?

The WITNESS: I will get it for you tommorrow. We will have it from Scott, Saskatchewan to Liverpool via Churchill.

The CHAIRMAN: Carried?

Agreed to.

Prairie Farm Assistance Act?

Agreed to.

Organization and Personnel?

Agreed to.

Expenditure and Revenue?

Agreed to.

Then there are various appendices. We have dealt with A, B, C, D, E, F, G and H. Now, on page 59 appendix I—carried?

Agreed to.

Appendix J.

Agreed to.

And appendix K carried?

Agreed to.

That completes the report. Tomorrow morning we will meet if the committee agrees at—the house meets at 11 o'clock tomorrow being Friday so how about either 10 o'clock or 11.30. What is the wish of the committee? 11.30, in the same room and we will start off with the transport controller.

Mr. BAXTER: Mr. Chairman, I have the figures on the number of elevators with overages over .5 per cent for a period of several years. 1954-1955 was 75 and going backwards from that previous years 110, 115, 163, 78.

Mr. ARGUE: That is fine.

The CHAIRMAN: Meeting adjourned until 11.30 same room tomorrow morning.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.,

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

Report of the Board of Grain Commissioners for Canada for 1955

FRIDAY, JULY 6, 1956

MONDAY, JULY 9, 1956

WITNESSES:

From the Board of Grain Commissioners for Canada: Mr. R. W. Milner, Commissioner and Transport Controller; Mr. E. E. Baxter, Chief Statistician.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.,
and Messrs.

Anderson	Harrison	Montgomery
Argue	Huffman	Murphy (<i>Westmorland</i>)
Batten	James	Nicholson
Blackmore	Johnson (<i>Kindersley</i>)	Perron
Boucher (<i>Châteauguay- Huntingdon- Laprairie</i>)	Kickham	Pommer
Bruneau	Kirk (<i>Antigonish- Guysborough</i>)	Proudford
Bryce	Laflamme	Purdy
Cardiff	Leboe	Quelch
Charlton	Legaré	Roberge
Clark	Lusby	Robinson (<i>Bruce</i>)
Decore	MacKenzie	Schneider
Demers	MacLean	Smith (<i>Battle River- Camrose</i>)
Deslières	Mang	Stanton
Diefenbaker	Massé	Thatcher
Dinsdale	Matheson	Tucker
Fontaine	McBain	Villeneuve
Forgie	McCubbin	Weselak
Gingras	McCullough (<i>Moose Mountain</i>)	White (<i>Middlesex East</i>)
Gour (<i>Russell</i>)	Menard	White (<i>Waterloo South—60.</i>)
Harkness	Michaud	

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

FRIDAY, July 6, 1956.

(13)

The Standing Committee on Agriculture and Colonization met at 10:30 a.m. this day. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Blackmore, Bryce, Cardiff, Charlton, Deslieres, Fontaine, Gour (*Russell*), James, Johnson (*Kindersley*), Jutras, Legare, Mang, McCullough (*Moose Mountain*), Montgomery, Nicholson, Pommer, Purdy, Quelch, Roberge, Schneider, Smith (*Battle River-Camrose*), Stanton, Tucker, Weselak, White (*Middlesex East*).

In attendance: Rt. Hon. C. D. Howe, Minister of Trade and Commerce. *From the Board of Grain Commissioners for Canada:* Mr. R. W. Milner, Commissioner and Transport Controller; Mr. E. E. Baxter, Chief Statistician.

The Transport Controller made a statement on the movement of grain and other goods during the past year and he was questioned thereon.

At 1.05 p.m. the Committee adjourned until 3.00 p.m. this day.

AFTERNOON SITTING

The Standing Committee on Agriculture and Colonization resumed at 3.00 p.m., the Chairman, Mr. Rene N. Jutras, presiding.

Members present: Messrs. Anderson, Argue, Blackmore, Bryce, Cardiff, Charlton, Deslieres, Gour (*Russell*), Harrison, Johnson (*Kindersley*), Legare, MacKenzie, Mang, Matheson, McCullough (*Moose Mountain*), Nicholson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Schneider, Smith (*Battle River-Camrose*), Stanton, Tucker, Weselak and White (*Middlesex East*).

In attendance: Same as at morning sitting.

The Committee further considered the operations of the Transport Controller, particularly with respect to the handling of grain. Mr. Milner was questioned and supplied additional information to the Committee.

The Committee extended to Mr. Milner its appreciation for his assistance and co-operation, and he was permitted to retire.

At 5.30 p.m. the Committee adjourned to the call of the Chair.

MONDAY, July 9, 1956.

(15)

The Standing Committee on Agriculture and Colonization met at 11.00 a.m. this day. The Chairman, Mr. Rene N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Blackmore, Bryce, Charlton, Deslieres, Gour (*Russell*), Harkness, Huffman, Johnson (*Kindersley*), Jutras, Laflamme, MacKenzie, Mang, Masse, McCubbin, McCullough (*Moose Mountain*), Menard, Nicholson, Pommer, Purdy, Quelch, Roberge, Schneider, Smith (*Battle River-Camrose*), Tucker, Weselak, and White (*Middlesex East*).

The Committee further deliberated on the Annual Report of the Board of Grain Commissioners for Canada, with special attention being given to the allocation of boxcars.

Mr. Argue moved, seconded by Mr. Johnson (*Kindersley*),—

That this Committee ask C.P.R. President Crump, or a representative designated by him to appear before the Committee.

The Motion was carried on the following recorded division: Yeas: Argue, Blackmore, Bryce, Charlton, Harkness, Johnson (*Kindersley*), Mang, McCullough (*Moose Mountain*), Nicholson, Pommer, Quelch, Smith (*Battle River-Camrose*), Tucker, Weselak—14.

Nays: Messrs. Anderson, Deslieries, Gour (*Russell*), Huffman, Laflamme, MacKenzie, Masse, McCubbin, Menard, Purdy, Roberge, Schneider—12.

Agreed,—That the Transport Controller and The Canadian Wheat Board be advised so that they might have representatives present when the Canadian Pacific Railway Company is heard.

At 12.55 p.m. the Committee adjourned to the call of the Chair.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

FRIDAY, July 6, 1956.
11.30 a.m.

The CHAIRMAN: The committee will please come to order.

This morning we have with us the Transport Controller. I believe Mr. Milner will start with a statement and then the committee will be open for questioning. I will call on Mr. Milner now.

Mr. R. W. Milner, Commissioner, Board of Grain Commissioners and Transport Controller, called:

The WITNESS: Thank you, Mr. Chairman. I am very pleased to have the opportunity of appearing before this committee as Transport Controller. I have not prepared a statement to read, but I would like the opportunity of speaking to you, and I thank you for this opportunity of speaking to you about the transport situation which has existed this year.

There are in Canada four main outlets for grain. I will deal first with the outlets which ship the smallest quantity, and then go on to the outlets at which the largest quantity is shipped.

I will take first the port of Churchill. At Churchill in this past year we have shipped more grain than had been shipped in any previous season. It was a difficult shipping season out of Churchill in this way, that in a period of twenty-five days only six ships arrived at the port of Churchill. In other words, there was a nineteen-day period when no vessel arrived. This bunching up of the vessels at that port constitutes a problem which does not seem to have any way of being solved on account of weather conditions and other matters. However, we did get through Churchill the greatest number of bushels that has been shipped in any previous year.

At the end of September we had seven vessels still to load. I know that you will appreciate the problem of transportation when you realize that they had to take out somewhere in the neighbourhood of $2\frac{1}{2}$ million bushels and there were, in the terminal at that time, only something like 1 million bushels. We had to have transportation for the grain up very close to the port of Churchill, and, in fact, we had practically all the sidings, immediately near Churchill, full of cars. We managed to get them cleared, but it was pretty close business.

The second outlet for grain from Canada, and the second in importance, is the east coast, the ports of Halifax, west Saint John and east Saint John. This year, again at these Atlantic coast ports, we created a record shipment during the period. There were something over 45 million bushels of grain shipped out of the Atlantic ports this year. That shipment was carried on under most adverse weather conditions, which are known to a number of the members of this committee. It was the worst situation as far as railroading is concerned that they have had in thirty years; but we did manage to get the greatest amount out of the Atlantic ports that has ever been shipped.

I will deal with the question of Vancouver, or the Pacific coast shipments, which is of next importance as far as shipments of grain from Canada are concerned.

I am having distributed some documents to which I will refer during the course of my talk. First of all, let me say this, that we have broken every record previously established at the west coast in the month of June. There were cleared from Vancouver 16,139,000 bushels of grain. In fact, the months of May and June constitute a record for any two-month period out of the Pacific coast ports.

I suggest, through the three outlets from Canada through which we ship grain, that when records have been established it would seem to be a contradiction to talk about a shortage of box cars.

I now refer to the statement which is being distributed. I will show you exactly what happened at the port of Vancouver commencing at August 1, which was the first of the crop year. You will notice, in the lefthand column, estimated sales. At August 1, the estimated sales for the port of Vancouver were 4,390,000 bushels for the entire month. We had stocks in Vancouver of 9,600,000 bushels. We had grain shipped past inspections, which was close and available for shipments during the month in the amount of 2,311,000 bushels, or a total of available supplies of 11,911,000.

At September 1, the estimated sales were 2,353,000 for the entire month. I should have said that in the month of August we shipped 4,877 cars, as you will see in the second column. That was more than would take care of the estimated sales for the month. On September 1, as I stated, the sales were estimated at 2,353,000 bushels. We had stocks in store of 10,700,000 bushels. We had grain past inspections of 2,475,000 bushels, or total available supplies of 13,175,000 to satisfy export requirements of 2,353,000 bushels.

I would like you to bear in mind that to have more than 13 million bushels of grain in store in Vancouver is not a good thing.

I think that some of the recent changes which the Canadian Wheat Board has made in our estimates of working space—seasonal working capacity—now show the Pacific coast, Vancouver, New Westminster, as 13.3 million from a figure which we had previously used of 16 million. It has been found that when we get past 13 million that unloads decrease and terminals cannot operate efficiently. If you will bear this in mind, as we go along, you will see what I mean. In October the estimated sales were 2,762,000 bushels for the month. We had stocks at that time of 13 million bushels in store Vancouver. We had past inspections of 1,273,000 bushels—that is, passed by Calgary and Edmonton—or a total of 14,273,000 bushels to satisfy export commitments of 2,762,000 bushels.

By November 1, if you will remember, there were some export sales of grain to go out of Vancouver and the estimated export sales amounted to 6,541,000. We had stocks of 11,882,000, we had a small lot past inspection because you will note in the month of October there was very little shipped because we had very heavy stocks on the 1st of October out there. Total stocks and past inspections were 8,765,000 which would look after the estimated sales but we did step up the loadings during the period from December 1 to December 31 to 6,354 cars.

Now, subsequent to the end of the year the export sales out of Vancouver increased materially and estimated sales at the 1st of January were 13,516,000. We had stocks of 9,113,000 and 2,512,000 past inspection and we shipped in that month 8,455 cars to Vancouver. That 8,455 cars was more than ample to look after the estimated sales for the entire month.

On the 1st of February estimated sales were again about 13 million. We had 9,785,000 in stock and we had 5, million past inspection for a total of 14,791,000. We shipped in that month 6,046 cars.

In March the sales again were very heavy, 14,900,000. We had stocks of 13,066,000 and I want you to bear in mind that that is all we should have. We

had past inspection 3,400,000 and we had total stocks and past inspection of 16,466,000 bushels.

April showed heavy sales on carry-over from March for the vessels which did not arrive. We had estimated sales of 15,967,000. We had stocks in store of 13,200,000 past inspection 1,647,000 or total stocks of 14,847,000. We again stepped up the loadings at Vancouver to 7,676 cars for the month.

Note the 1st of May there was again a hold-over from April to May on account of non-arrival of vessels and we had 17,150,000 bushels of estimated sales with 14,556,000 bushels in store and 4,181,000 past inspection for a total of 18,737,000 bushels. We shipped in that month 5,811 cars.

On June 1 the sales were still heavy. We had estimated sales of 16,933,000, and we had stocks of 13,707,000, 3,400,000 past inspection for a total stock of 17,107,000 to take care of estimated sales of 16,933,000 and up to the 14th of June, that is, from the 1st to the 14th of June we had shipped around 3,164 cars.

Gentlemen, I suggest to you I do not know how any cars could have been shipped or how a better arrangement of transportation could have been made than is shown on that sheet.

I have left until the last the most important mode of transportation which Canada has for the export of grain and that is grain the shipments of which originate from the lakehead. Now, we had, as you know, a very bad export business in the fall of last year. Everybody was disappointed in the volume. We came up to the 15th of November and our stocks averaged something like 59.3 million bushels which is the best place to keep stocks in Fort William if you are going to operate. The sales up to close of navigation prior to the loading of the boats which we loaded for winter storage cargoes was largely malting barley, Durum wheat and flax and special grades of wheat such as No. 5. There was not a good movement in the other grades. In fact, the shipments of wheat out of the St. Lawrence from the period 1st of November to the close, was only about 8½ million bushels. So it will give you an idea that what we had to do was to move the grades as Mr. McIvor told you in his evidence where he would give preference to those grades which had been sold and commitments made for these vessels at seaboard. We got up to the 15th of November with stocks, as I have told you, at about 60 million. It was 59.3 million of an average.

As you know, our upper lake fleet carries approximately 19 million to 20 million bushels. We filled all the boats that could have been filled. We had everything east of Fort William full and no more grain could have been shipped out of Fort William than was shipped at the close of navigation.

The situation with respect to lakehead stocks at the close of navigation was that they were down to a very low point. The stocks were at a very low point and it was both desirable and necessary that the stocks be at a low point at that time. It was desirable because it provided the Canadian Wheat Board with an opportunity to decide what grades of grain they would ship to fill the empty space in terminals and would see to it that just those grades which they hoped to be able to sell at the opening of navigation were placed in store. It was necessary that the stocks be low at terminals for the reason that it is required under the act and by an amendment which was passed by this committee against the protests of the Board of Grain Commissioners at the time who suggested that in the weigh-over at terminal elevators, the dates be left to the discretion of the board. This committee insisted and it was passed that terminal elevators be weighed-over once every 22 months and it caught up with us this year on account of the fact that we had a lot of terminals to weigh-over. We did our utmost to obviate the necessity of weighing over a

number of terminals at one time but it was a fact we had 16 out of 25 terminals at the head of the lakes which we had to weigh-over to comply with the act at the close of navigation.

Now, at the close of navigation, as I told you, the stocks were down and for the reasons which I have stated. We had Christmas holidays intervening and then we had to finish with these terminal weigh-overs which occurred in the early part of January.

Now, from the early part of January up until the end of February we moved sufficient grain into terminals at the lakehead after weigh-overs so that our stocks in the terminals on the 29th day of February amounted to 63,400,000 which is now recognized by authorities at about the amount of grain that should be in terminals and elevators at the head of the lakes. However, those stocks were increased subsequently so we had over 72 million in store before the opening of navigation.

By Mr. Argue:

Q. Is that all grain?—A. All grain. The 72 million which we had there represented, I can tell you, all that we could possibly get into the terminals in spite of any figures which you may have seen to the contrary, all that we could get into the terminals with the grades and the screenings and the mixed feed oats and the mess we had in terminals with regard to grades this year. I will not take up time with the unloads at the terminals which were down but I will discuss that with you sometime later if you wish to question me about it. But we had up to the end of February this 63,400,000 bushels which we had in the terminals which created a situation where every car that arrived in Fort William at the lakehead subsequent to the 1st of February, it took 15½ days before the cars could be unloaded.

Now, I suggest to you gentlemen that it was not a sensible thing and it would not be a sensible thing for any person to suggest to the railways that they fill cars up and for 15½ days to have the car sitting on a track before it could get unloaded on account of the blocked conditions or congested conditions of the terminals. That is a bad use of transportation. Transportation is rolling stock; it is not storage bins. Boxcars were never built to store grain in. They are used to transport grain but I had spoken to the railways—the Wheat Board, the railways and I met and we discussed what they should do prior to the opening of navigation and the railways did agree at that time that they would put sufficient cars on track before navigation opened so that we could be sure of stocks when we had the first run of boats. That buildup of stocks and those shipments from country elevators were made out of the west and those of you people who live in the west know we had the most adverse conditions that have existed in western Canada for 35 years. I will tell you that the Canadian Pacific Railway, up to the end of February, had shoved snowplows in western Canada 127,000 miles. The Canadian National had shoved snowplows the very remarkable mileage of 230,000 miles. Now, that shoving of snowplows around took locomotive power but it immobilized a lot of transport. There were a lot of boxcars we could have put into places if we could have got into sidings. Those mileages I was telling you about were the mileages necessary to clean the main line. There were all the marshalling yards that had to be shovelled out and I do not need to explain to you people from the west what the situation was. It was the hardest operating conditions that the railways have experienced as I have told you in 35 years. Nevertheless, we did get into the terminal points with the grain and, as I told you, when a car arrived there subsequent to the end of February it was held 15½ days before it could be unloaded. That was the average.

Now, since the opening of navigation—and fortunately we had an early opening—we have had very heavy shipments and subsequent to the opening of navigation after about the 20th of April no more grain could have been shipped to Fort William than was shipped there. It would have been foolish to have shipped any more for this reason, that we had on track and in transit to the lakehead something over 9,000 cars throughout that period and we kept on track at the lakehead more than three day's capacity of the terminal to unload the cars.

No person could say that a shortage of boxcars exists when that situation prevails. I am not unmindful of the fact that had we had more cars—and I am referring to the Canadian Pacific only and I have no hesitation in referring to them—if we had had more cars in the five week period or the six week period from the 15th of March until the end of April it would have made transportation somewhat even. I was let down by the Canadian Pacific in not complying with my request that cars be put out there in volume during that period and it was not until I appealed to Mr. Crump personally and told him that I was sick and tired of excuses, that we must get boxcars into western Canada to look after this situation.

Now, subsequent to that time he got rid of the pencil pushers and theorists he has down there and I think he took over himself after which time we have had an excellent supply of boxcars in the west, but I suggest to you now that very likely somebody will say: "Why did you not use the powers you have and so on during that period?" I suggest to you that having worked with railway companies for five years and having had the railway companies always comply with my requests up to that time, it was not unreasonable for me to suppose that they would continue to comply with my requests and by the time that I found out that they were not, time had elapsed and we got into a position where, as I said before, I was badly let down by the Canadian Pacific during that period.

I think before I leave that I should tell you, perhaps some of you know, that the Canadian Pacific Railway has something like 17,000 boxcars less than the Canadian National Railways and it was somewhat easier for the Canadian National Railways to get boxcars west. I think this talk which most of you have seen and some participated in about boxcar shortages and so on got Donald Gordon to the point where he said he was going to show them and we were flooded with Canadian National cars in the west.

It looked like a good thing to do to use the cars when we had them and I think I could have been quite properly criticized if we had not used every available bit of transportation but I do tell you and I admit quite frankly that it has created a lopsided condition as between Canadian Pacific and Canadian National in the west.

I have dealt with the four phases of transportation and the four places through which Canada ships its grain, and I have told you that we have broken the record at Churchill, and broken the record at the east coast and have broken the records this last month in Vancouver, and we have broken the records in the months of May and June at Vancouver over a two months period for any record previously established.

Shipments out of the lakehead have come along very well since the opening, and we have had an excellent car supply and we have maintained an average of about 9,300 cars on track and in transit to the lakehead.

No more should be put into that movement because it simply immobilizes the extra cars and serves no purpose whatever.

Now, gentlemen, I am not much of a person to appear in the press. I do not think I have made more than one press release in five years, but that was

not the only time when my name has appeared in the papers. I am talking about press releases which I have made.

As I shall not be Transport Controller after the close of navigation this year, this occasion gives me the only opportunity which I shall have publicly to thank Frank Rowan, my deputy in Montreal, for the excellent work which he has done. He has earned and he deserves the respect of all the shipping people there, the vessel companies and the railway people, and he is doing an excellent job. He is also the manager for the Canadian Wheat Board in Montreal and it was largely due to his efforts that such a remarkable showing was made at the east coast this year under adverse conditions.

At the west coast Dan Kane who was a former commissioner of the Canadian Wheat Board and manager of the Manitoba pool elevators, is fully conversant with the elevator business and he knows the railway business, and he has been of very great assistance to the Wheat Board and to other exporters there in creating the records which have been established in recent months.

There is one other person I would like to refer to and he is not a Canadian. Before the opening of navigation this year everyone was anxious to see if we could get as early an opening as possible and provide the people in western Canada with a chance to make deliveries.

We had ice-breakers at the lakehead much earlier than usual. They kept pecking away at the ice around the slips and so on, and they were able to do a pretty good job.

The gentleman to whom I referred and to whom I wish to pay tribute is Admiral F. A. Leamy of the United States coastguard.

On March 16 we had at the ports of Midland, Tiffin, and McNicholl vessels with a carrying capacity of some 7 million bushels of grain. The ice conditions in those ports was such that there was 30 inches of blue ice which extended out as far as vision and it looked as if we were going to have a very late opening of navigation as far as those vessels were concerned.

I had been watching the operations of a large United States ice-breaker, the *Machinaw*, and she had finished her immediate work around the "Soo".

I thought, well, I can only be told no, so on the 16th of the month I wired Admiral Leamy of the United States coastguard at Cleveland as follows:

We have a large number of upper lake vessels at Port McNicholl and Midland which presently icebound. Canada would be very grateful if you would order ice-breaker when finished Soo to open channel at McNicholl and Midland and assure you means great deal to us to get early use upper lakers this year.

R. W. MILNER,
Transport Controller, Canada.

And I received a reply from Admiral Leamy who said:

Study of present ice conditions indicate *Mackinaw* available comply your request at present time or delay until shipping well established. *Mackinaw* can be made available enter Georgian Bay tomorrow afternoon March 18 for ice breaking in harbors requested your message. Will require pilot familiar local waters of operations to board *Mackinaw* prior entrance Georgian Bay. If services *Mackinaw* utilized it will be necessary for you to promulgate advance information to maritime shipping and the port authorities that *Mackinaw* will be breaking ice request your prompt decision.

F. A. LEAMY.

Now, subsequent to that I got in touch with the vice president of Canada Steamships, Captain Baxter, and we got Captain Belcher, one of the lake

captains who was familiar with the ports in Georgian Bay, and we had Captain Belcher flown to the Soo and put aboard the *Mackinaw* by means of a helicopter.

The *Mackinaw* went in and worked all Sunday, and Sunday night, and she was outboard on Monday at noon.

That released 7 million of carrying capacity in Canadian vessels and it meant, I think, that we moved out of Fort William from 14 to 20—you may take any figure you like in between—of grain which would not otherwise have been moved had this gentleman not come to our rescue to get us out of the position we were in there. So I thought it was something which should have some newspaper coverage at the time, because it was quite a remarkable thing, with a compliment of about 118 and a boat of that size, to oblige so willingly when I asked them.

Gentlemen, I have had this graph prepared because I want to demonstrate a point that is sometimes forgotten. There has been a lot of talk about the railways having done this and the railways having done that, but I want to tell you that I have been transport controller for five years and with the exception to which I referred in connection to the Canadian Pacific Railway I have had excellent cooperation from the railways; I have had excellent cooperation particularly from the superintendents of transportation at various points out through the west; and I have never made a request that they have not dealt with and not looked after as quickly as they possibly could.

May I draw your attention to this chart which I think graphically displays, and very plainly displays the point I want to make and that is that the movement from country elevators, when the pipeline for grain is plugged, is dependent entirely on the amount of export shipment and of domestic consumption of grain in the country. It cannot be otherwise; no matter whether it is grain or not in a pipeline, you can only put in at the source what you take out at the outlet. I think this graph very clearly demonstrates that fact to you. You will notice that the total disappearance is indicated by the solid black line, the country elevator is the line with the dashes, and the exports are at the bottom, the line which has dots and dashes.

The black line shows you the total disappearance. The country shipments line follows it almost exactly and you will see that the elevator shipments have kept absolutely even with what has been taken out. In other words, as soon as there was room to move grain, and in every year the railway companies have done the job that was required of them.

I have studied graphs extensively in my life and I do not think I have ever seen a graph which indicated more clearly that the railway companies in this country have done what was required of them.

Look at the year 1952-53, if you will; where the export disappearance and the commercial disappearance are at the highest; the railway figures went up over them in that year, and we have maintained throughout the piece this transportation record, we took advantage of the space as it was created by export shipments.

Gentlemen, that concludes the remarks that I wanted to make with respect to transportation for this year.

I know you have a lot of questions you want to ask me and you have a lot of matters that you are going to bring up, which I shall deal with. I thought perhaps this was the appropriate time for me to tell you what my duties are as transport controller.

My duties as transport controller have been only to see that the grain, when it is sold, is moved so that it is there when vessels present for their cargoes. I have repeatedly told committees here—and I will give you the instances—at previous meetings of this committee; I am reading from page 304 of the

evidence of the committee on agriculture and colonization dated May 13, 1954, as follows:

My efforts have been devoted to the coordination of rail and vessel movements and the best use of terminal storage facilities to the end that grain would be available at ocean ports to meet the commitments of the Canadian Wheat Board and other shippers.

Mr. Argue said to me, in the same sitting, at page 309—we were talking about special orders for cars and so on—Mr. Argue said, “And the reason you are not doing it is that you do not wish to do it?”, and I answered him, “I cannot do it and do the rest of the work, and I have not been instructed to do it by anybody. My position here, as I see it, was to ensure that all this grain—and I am proud of the record that was made, I think we moved record volumes and I doubt if you will ever see them moved again such as were moved in those two years. That job was done, and I was certainly very busy. I certainly did not have time to devote to anything else such as distribution of cars to local points under any consideration.”

By Mr. Nicholson:

Q. That is two years ago?—A. That is 1954, May 13th.

The WITNESS: Going along a little further, Mr. Argue asked me, “Would you describe to us the kind of work you do as transport controller, the various fields in which you do some transport controlling and what is the general type of work?” and I said, “Well, this committee heard the Wheat Board say that I was of very great use to them in moving of grain. I am going to go back now to the original purpose for which I was appointed transport controller. At the time I was appointed transport controller I stated that I believed it to be my duty to see that there were no bottlenecks in the movement of grain or other commodities which come under my responsibility as transport controller, and that I would ensure that grain and grain products would be in export positions to meet sales which had been made by the Canadian Wheat Board or other exporters.”

Mr. Studer said at page 240, May 31st, 1955, when he was talking about putting cars to country points: “Yes. Is there some system of dealing with that?”, and I said, “The system that is in effect at the present time is this, that as you know, the Wheat Board explained the other day the method by which at the moment they are giving shipping instructions to companies. All I say to the railways in general is this, that in placing cars on orders from companies they will place the cars into those places where the need is the greatest as indicated by these Wheat Board reports.”

Mr. Castleden asked me a question as to whether I maintained control over cars going into points, and I said, “I do to this extent: if I see that there are not sufficient cars at Fort William to maintain an adequate supply there to keep the terminals busy, and I consider that number to be in the neighbourhood of 3,300 to 3,500, all I have tried to do is to maintain at the terminal points three times the terminal unloading capacity, or the amount they are unloading at that period.”

Mr. Johnson asked me a rather involved question, and he said in part—I am not trying to avoid all of this reading, but it is only a part.

Mr. NICHOLSON: What page is that again?

The WITNESS: This is page 243. He said, and I will read it all. I did not duck it, but it was too involved for me. “My question is in relation to Mr. Studer’s suggestion and I do not call every request for information a criticism. Mr. Studer pointed out the shortage of box cars and that it should be drawn to the attention of the transport controller. There may be various

circumstances contributing to it; the box cars might be spotted down the line at a point, and the individuals at the marketing point would feel that they were getting a raw deal. Nobody has taken the initiative of drawing it to your attention. The situation can exist there for some time before it is finally corrected. It is that problem with which I am concerned, and I was wondering just—in a request for information again—if you had more time to devote to this whole task of transport controller—whether some of the responsibility for checking various marketing points to see that they are getting a fair share of the cars spotted there by the railways in proportion to marketing point on the main line, or on competing lines—whether the situation would be more satisfactory? That is coming down to the other point again: I understand you keep a very close liaison with the Canadian Wheat Board. I do not see why, if a separate individual were transport controller this same close liaison could not be held with the Board of Grain Commissioners. Perhaps he could be allotted these duties, these functions and as Mr. Studer pointed out, that closer checking on individual points could be carried out by him, is that feasible?" I answered: "I am not going to give a snap answer to a question which is as involved as that. I do think to the extent that you increased your checking on matter of that kind, naturally the effect would likely be beneficial."

Now, later on Mr. Johnson said, "I think I can bring the discussion back to the sphere of the transport controller by asking whether the transport controller has not some responsibility for the proportion of cars that are sent to certain divisions", and my answer to that was: "No".

Mr. Johnson said, "Do you not require the railway companies to put more cars in certain divisions?" and I said: "In consultation with the Wheat Board in connection with the movement of grain which they export."

By Mr. Argue:

Q. On what page is that?—A. That is on page 246, Mr. Argue. The Chairman then said—I think he thought I was perhaps getting into trouble—he said: "The witness has explained that he had on some occasions, not in his capacity as controller of transport but on his own initiative, because he understands the situation, acting in cooperation with the railways on some occasions. But not in his capacity as controller."

No, I have never been assigned the duties of distributing cars to individual stations by any authority. I have never accepted the assignment of those duties. I have stated on every occasion on which I have been asked that it was not part of my duties. I will go further and say I do not think there is anybody living who could make an even distribution of cars over western Canada with the conflicting necessities that occur at individual points. There is a question, as Mr. McIvor has properly pointed out, of putting cars of certain kinds at certain places.

There is the question of freight differentials which enters into it. I notice nobody has complained about the Peace River country. The Peace River country, as you know, is pretty well on a 7-bushel quota all over the area. That is occasioned by the fact that to ship grain from Peace River to Vancouver represents a saving of three cents a bushel compared with having to ship it to Fort William. I think it was the logical thing for the Wheat Board to ship as much grain as possible out of areas where they had a saving in transport rates rather than take it from some other areas where they did not have such a saving.

There are numerous conflicting matters in connection with the movement of grain and it has not been made any easier—the transportation of grain has not been made any easier—by the recent method whereby bulk orders are given to the companies and the companies themselves allocate the cars. The natural result of that was that companies are allocating cars where they think

they can do most good competitively they have very little regard to the necessities of the situation at the point.

Q. Is that general?—A. That is general, I would say, and it would be the natural thing for a man who was competing for business to do. I can give you examples of places where people low on the market have “slugged” orders into there because under the arrangement which was agreed upon by this committee cars were to be distributed in accordance with the number of orders in effect at the point. If a certain company is “down” on the market at a point it puts in a lot of box cars. Let us take, for example, an extreme situation which did occur where there was one point at which there were 40 orders in by one company, which was in third place on the market in point of handling. The other companies had five cars on order at that market—in other words the company that had this large number of orders in—the company that was third on the market—got eight cars out of ten cars put into that point. The next company got one and the next got one. That situation was bound to develop, I think, but all these complications make it impossible, and, I repeat, impossible for any person, unless you are going back to the very start of the crop year and willing to say: we are going to move the grain from the areas where the biggest crop is; and that cannot be done, as Mr. McIvor very properly pointed out, because it might not be the type of grain required. We have got in the Shannavon area, with which Mr. Argue is familiar, a large requirement of cars; we had a large requirement in the previous year and in the year before that, too, and yet we have noted, in each of those years, that they have been one of the neglected areas in the west. And I may say—and I am not trying to be pessimistic about it—that if in those southern areas where you do get big yields and where you have good seasons, that with the C.P.R. having 17,000 less box cars than the Canadian National it may be that you will have to look forward to a difference between the situation there and the situation that will exist on Canadian National lines, particularly if the Canadian National lines are in areas where there are other grades of grain more urgently required—

Q. By the end of this crop year?—A. By the end of this crop year.

Q. They may still be short?—A. Compared with the rest and that is due to the fact that grades in there are grades that we do not want, a great many of them. I am referring to No. 3 Northern wheat. I can tell you that the whole of the south country is in a position where it needs cars. On June 30 however—and I will just give you an example of what was required on C.P.R. lines—C.N.R. are in very good shape—there is a total of 19,275 cars to complete the six bushel quota on all C.P.R. lines. Then, there would be nowhere where the six bushel quota had not been cleaned up. Now, by the rate of loading the C.P. is doing today, if they could send their cars just into those points, the six bushel quota would be cleaned up and there would be no question about it. But I doubt if, due to the necessity of getting out the grades of grain required, we will completely finish that six bushel quota in all the points on the C.P. We will come close to it.

Q. May I make a comment at this point? Mr. McIvor told us when he was here that as far as the whole history of this crop year was concerned, to his knowledge there were always shipping orders supplied to the points ahead of the number of box cars; that there were never any points in western Canada at which they lacked shipping orders. If that is the case they must have shipping orders in southern Saskatchewan and southwestern Saskatchewan and in the Lethbridge area about which Mr. Plumer of the Alberta Wheat Pool complained so strongly a couple of days ago; they must have orders ahead of box cars in that area.—A. I agree with you, Mr. Argue, that there have been orders in there. I know the point you are making. I will tell you why they do not go in there if I may.

Q. If I can make another point before you continue—

My first point was that orders were ahead of the box cars. The second point was one which you yourself made not so long ago this morning, namely, that the C.P.R. during a six week period to which you specifically referred had not done a good job—A. I said that quite frankly.

Q. What it has amounted to is an accumulation of factors that has caused the rankest type of discrimination in the supply of box cars in southern and southwestern Saskatchewan and I do not think it has too much to do, after hearing from Mr. McIvor, with No. 3 Northern wheat.—A. Well, there has been a prohibition on the shipping of No. 3 Northern for some time so I do not know how you can say that having No. 3 Northern wheat there had nothing to do with it.

Q. They must have had orders. Mr. McIvor said they had.—A. Let me go back a little. There is nothing that should not be stated about this. Every Monday morning, I get from the Canadian Wheat Board a statement of what is required to be shipped to meet export commitments out of country elevators. Now, I have told you—and I repeat it—that my business is to see that grain is at the seaboard when the vessels present themselves there for loads. We can go back to May 7 and from then on. I can go back further, if you like; but the situation is exactly the same or worse. I will start at April 30. The requirements at that time for shipping to meet the Canadian Wheat Board commitments consisted of 14.3—I am speaking of million bushels—of barley, 1.9 of oats, 2.8 of rye, 1.3 of flax, 300,000 of Durum wheat, 2.1 of No. 2 Northern wheat, and 1.9 of No. 4 wheat. Those were the requirements and those were the grades which had to be moved. You do not see any No. 3 Northern or a lot of the other grades which are at many of the individual points. There were only, including Durum wheats, about 5½ million bushels out of the whole 25.7 million bushels that were required to be shipped.

I can go on to the seventh of May. The requirements there were 12½ million bushels of barley, 2.8 million bushels of oats, 1.6 million bushels of flax, and 2.8 million bushels of rye. There was, in that allotment, only 1.4 million bushels of wheat to be shipped. I can go on through May 14—23 million bushels. They had sold quite a bit of wheat. There were 6,600,000 bushels of wheat out of the total 23 million bushels; the remainder consisted of other grains.

Q. Are you telling this committee that in this general area where there has been a box car shortage that there were not shipping orders at that time?—A. There were. But these were the orders which were given preference.

Q. There were not shipping orders at that time?—A. There were definitely shipping orders there.

Q. Let me finish my sentence.—A. I thought you had.

MR. TUCKER: Mr. Chairman, I suggest that Mr. Milner be permitted to complete his statement. If everybody interferes we will not have a consistent statement.

MR. ARGUE: I do not mind that. I want to point out that I did ask Mr. Milner if I could ask some questions and he did say "yes".

THE CHAIRMAN: Possibly we could let Mr. Milner complete his statement and then he could answer any questions afterwards.

THE WITNESS: What I am pointing out—without going through them—is that I tell you it follows the same pattern right through, and that that was the information as to what grain was required to be moved. True there were numbers of orders, and in fact are outstanding orders today in the neighbourhood of 38,000 cars out in the west. Those cars will be shipped when we get around to it, but, as you know, you could not unload 10,000 cars anywhere in Western Canada today even if you had them. There is no space for them.

So, they have 38,000 cars under order, and that is quite a proper thing for the Canadian Wheat Board to do. The situation which I had to look after was to see that these grades and grains that were required by the Canadian Wheat Board were in a position so that they would be there when the boats called.

Mr. Chairman, I think that that concludes anything which I want to say in the way of a statement. I will be glad to answer any question.

By Mr. Argue:

Q. Might I ask the question as to whether or not I understood, a few moments ago, from your statement that there were not shipping orders in this general area at that time for the types of grain that you have listed. In all the shipping orders, were there not shipping orders in the area for all the kinds of grain which you needed?—A. There were not.

Q. I do not think that that statement squares with the statement made by Mr. McIvor. My distinct impression was that the orders were there for the kinds of grain which the Canadian Wheat Board wanted at all times, but that the box cars were not coming forward.

Right Hon. Mr. C. D. HOWE: I heard Mr. McIvor's statement. He did not say they were there for the kinds of grain required. He said the orders were there. Mr. Milner has confirmed that.

MR. ARGUE: For kinds of grain that were required.

The CHAIRMAN: May I make one suggestion. Maybe it would be a good idea for the Transport Controller to deal with shipping orders. There seems to be some confusion as to what an open shipping order is and what a shipping order is. The explanation would help to know what the significance of a shipping order is. Would you deal with it if you do not mind? It might help to understand the situation better.

By Mr. Tucker:

Q. I think it would, Mr. Chairman, because Mr. Milner said there were orders for 38,000 boxcars outstanding. Now, naturally I would like to know just what he means by that.—A. All right. After the opening of navigation after a movement started to get down in volume, the Wheat Board, the railways, and the Transport Controller were fully aware of the inequality all over the country with respect to orders and with respect to quotas. We had not one meeting, but I think I talked to the Wheat Board at least 8 to 10 times every day and I am sure to the railway companies twice that number, all with the desire to see if there was not some way that we could get these orders equalized.

Now, let me refer for a minute to this order question. We had some points where barley was to be shipped. Due to the fact that there is an arrangement whereby the cars must be apportioned in accordance with the orders at the point, we would have to ship five cars of wheat that we did not want to get at the car of barley that we wanted. So that subsequent to that we had a meeting and arranged with the Wheat Board that special orders would be put out on barley. That is one type of order—a special order that is put out and has no relation to the quotas in effect at the time, no relation to the orders which may be outstanding at the point. They are what are known to the railway as out of order cars and these cars would be sent in there for the specific purpose of picking up those specific grades. Lists under those circumstances were given to the railway, compiled by the Wheat Board and the railways were told to go in and pick up those cars at that point.

Now, we got to some cases where the railways complained at a meeting which we had that orders were not widely enough distributed and I said "Well, surely we can fix that" and I suggested to the Wheat Board that they put out

orders so that the railways could not say that there was not an abundance of orders all through the west to take care of the situation.

That was done and these orders are out to ship wheat to the lakehead. In the southern territory that you referred to, Mr. Argue, we had orders in there for shipments both westbound and altogether westbound at one time because of freight differential to try and give relief in those areas. It was found on a check of it—I checked it up with the railway one Saturday—in fact the superintendent and his car serviceman and I worked all one Saturday morning on how we could best get into that area to relieve that situation and it was decided that if we were simply to rely on the grain we could ship westbound to Vancouver which from a C.P.R. standpoint would amount to about 250 cars in order to also take out the grain in the southern part of Alberta, it would take us over five months to clean up the orders which were on hand in that southern territory, from, say, Assiniboia clean through to Manyberries. Those orders that went in as a result of that for eastbound shipment were orders that were to be looked after when we could get around to it, when the railways could get around to it, but they have always had preference lists on what must be shipped.

We have to go into certain areas for mill orders. That is a different type of order again. The mills which run on protein flour, with guaranteed protein content, they must have protein content in wheat of a similar character in order to complete their sales so that they draw wheat from a certain area. I dislike it very much, the board dislikes it very much, the railways dislike it very much, but we have got to go into six bushel quota points to keep the stream of wheat going to the mills on mill orders.

There are orders in the country and there are orders in volume. I have seen it referred to a number of times about the numbers of outstanding orders at a point. Certainly there are a number of outstanding orders at the points. They may not be filled until next September as far as I know and they will only be filled as the requirements of that particular type of grain are manifest to the shipping people. I do not know how better I could explain the order business and your orders in the country. They are there to be handled when they are gotten to and when the other things that are more important to move have been moved.

By Mr. Argue:

Q. I would like to get from you, Mr. Milner, some figures on the kinds and quantities of grain in this area by points and by elevator companies to see whether or not there were in fact orders that could have been shipped and the trouble was a shortage of boxcars. I have gone over Mr. McIvor's evidence and while I did not differentiate in my question between various categories of orders, I think it was perfectly clear from the question and Mr. McIvor's answer that he understood what I was after and his answer was that there was no shortage of Wheat Board shipping orders. I think had your point been correct he would have spelled it out because he has always given us very full answers.

—A. Are you suggesting that I do not?

Q. Now, in support of my contention that general allocations of boxcars in this area have been bad and inadequate and that the Canadian Pacific Railway has fallen down and with the excuse that there are not orders that can be picked up that the Wheat Board has given preference to in that area does not account for it, simply does not account wholly for the very bad situation in that area and to support that statement I have in front of me the Western Producer for May 31, page 38, a map of the various quotas at different shipping points and you can see that the Canadian Pacific line in southern Saskatchewan are the places where there is wheat that the Wheat Board does not want.

You cannot convince me that the Canadian National line running side by side and in between and so on that it just happens that the Lord made the kind of grain in demand along Canadian National Railway lines and the kind of grain not in demand along the Canadian Pacific Railway lines. I just do not believe that for a minute.

I have heard, for example, and I know this country well, the Canadian National Railway line from Moose Jaw to Avonlea out of Gravelbourg right at that time it does not show—I think I am correct in pointing that out—a low quota at that time of two bushels or three bushels that is spelled out on this map but if you go immediately below that to the Canadian Pacific line through Assiniboia you find that probably 90 per cent, if not all of the points, are on the low quota. Well, you cannot tell me that the farmers along the Canadian National line a few miles away, neighbours to the farmers along the C.P.R. line, have the kind of grain that the Wheat Board demands and that the other points have got the kind of grain that is not in demand. The same is true of the C.P.R. line and the C.N.R. line out of Wycliffe and I think this map, as the wheat pool points out, generally supports that proposition.

I think that Mr. McIvor outlined the situation correctly and I think that my inference is correct that the basic cause is the bad job which the Canadian Pacific Railway has done, an inexcusable job:

Then what was said this morning is on the record so whether I remember it correctly or not will not make any difference because the record is there. But as I recall it, what you have been saying is that it is not your duty to provide allocation of box cars to stations.—A. That is correct.

Q. To shipping points?—A. That is correct.

Q. And I think it would certainly follow from that, that there is no duty which you have accepted to allocate box cars amongst the elevator companies and the shippers?—A. That is right.

Q. So that is clear. Mr. Milner says that he has no jurisdiction?—A. I did not say "jurisdiction".

Q. Well then, he has not used his authority. Let us put it that way.—A. That is right.

Q. I am not a lawyer so I may have used the wrong term. Mr. Milner says he has not used his authority if he has it. I say that he has and he says that he has not. Now he agrees that he has not allocated box cars to the stations. I have here the evidence of Mr. McIvor on July 3, and it is to be found on page BB-8 of the typescript of the proceedings of that day, and it reads as follows: this was a question:

By Mr. Castleden:

Q. I would like to ask Mr. McIvor . . . supposing you placed an order with the elevator companies, the elevator companies then allocated the shipping orders to some point, what action do you take if cars are not sent in to that particular point to fill those shipping orders? And then came this answer:

Invariably we get a telegram from the local committee saying that cars have not been sent in. We give that advice to Mr. Milner and we also communicate with the railways and ask them to get cars in there immediately.

Q. Have you any authority to do anything other than ask them to do it?—A. No.

Q. None whatever?—A. No.

Q. Supposing cars are sent in to a point and then they are not allocated between the various elevator companies in proportion to the orders that are standing for grain at that point, what action can you

take then?—A. We don't take any action, but the elevator companies at the point take action.

Q. You have no power other than to request the railway companies to place those cars at that point and to allocate them in proportion to the orders that are given?—A. The Transport Controller has instructed the railway companies to place the cars in proportion to the orders at the point, and as far as I know those instructions are being carried out.

By Mr. Argue:

“Q. Well, it means he has got nothing whatever to do with the allocation of cars at that point.” The answer: “Well, he certainly has the authority to instruct railway companies to place cars in proportion to the orders, because he has already done so.”

Mr. McIvor, in this evidence that I have been quoting said this: That the transport controller has instructed the railway companies to place the cars in proportion to the orders at that point, but as far as I know those instructions are being carried out. Mr. Milner has said this morning that he does not in any way use his authority to allocate cars amongst stations.

I will just leave the record as it is.—A. Mr. Argue, I will not leave it, though. You know very well how that thing originated just as well as I do. It originated right here as a recommendation from this committee, that cars be distributed at elevator points in accordance with the number of orders at that point. That was the recommendation of this committee, as you will recall.

Q. Have you carried that out?—A. I have carried that out.

Q. So the companies have now been instructed by you, with your authority as transport controller, to allocate cars to stations on the basis of the Wheat Board orders?—A. I have told them that they must apportion the cars at the station, as it was a recommendation of the committee on Agriculture and Colonization, and had the approval of the government, that cars be allocated in that manner. That is what I have done, and that has been carried out by the railway companies.

Further than that, there was a second recommendation—just a minute, Mr. Johnson—there was a second recommendation, which came from one of the pool organizations I believe, that in order that the elevator agents at the point could themselves police the thing and see that they got a fair share of cars, they asked me if I would instruct the railway companies to have the railway agents make available to the country elevator agents the number of cars that were on order for each company. So that when the cars come in each elevator agent knows if there were 10 cars spotted, how many cars he was entitled to under the circumstances that existed at that time.

I have done both of those things.

By Mr. Johnson (Kindersley):

Q. You maybe told them to do it, but they are not doing it.—A. I would think, Mr. Johnson, knowing elevator agents perhaps better than you do, that there is not an elevator agent that is dumb enough, that if he knows what his percentage of cars is on the market, that he does not get his proper percentage of cars. He has got all the information, and all he would have to do would be to report it and it would be straightened out.

Q. Just whom would he report it to?—A. He would report it to his superintendent, whom else would he report it to?

Q. I know for a fact—perhaps it is not on the basis of intelligence that makes me know this, but from practical experience—that they have not been

following the practice of spotting railway cars in proportion to the shipping orders.—A. The only case where it would not be apportioned that way, as I explained to Mr. Tucker just a minute ago, is where there are special orders, what we call “cars out of order.” Those orders are issued by the Wheat Board that these cars must be placed out of order.

The CHAIRMAN: Until the last order mentioned was issued by the controller, I do not think anybody was in a position to know whether they were carried out or not. At least, that is what I have been told by the people who are immediately concerned. This second order is to place them in a position to be able to know if it is carried out, if the cars are spotted proportionately to the orders. I think this order is fairly recent.

The WITNESS: I have had not one single complaint in connection with it.

By Mr. Tucker:

Q. When was it issued?—A. Some two months ago.

The CHAIRMAN: About two months ago.

Mr. NICHOLSON: Mr. Chairman, may I register one complaint now.

Some Hon MEMBERS: Hear, hear.

Mr. NICHOLSON: Not because it is an individual case, but because I think it is representative. The wheat pool committee at its meeting in my area some day last week apparently reported that at Sturgis there is a 6-bushel quota. The pool elevator is plugged, but the line elevators have between them 30,000 bushels of space. Stenen, the next point, has a 7-bushel quota; Hyas has a 7-bushel quota; Norquay has a 7-bushel quota; Pelly, and all these points on the same line of the C.N.R., and the points in the other direction with one elevator, the pool is plugged with 6-bushel quotas. I think that somebody must be responsible for the fact that the one elevator at Sturgis where there is a 6-bushel quota,—the pool elevator is plugged, when there is space for 30,000 bushels.

Now to clear this up I phoned this morning to the wheat pool director for the area. He did not know how much grain had come in to the line elevators, but since May no cars have been available for the pool elevator. The end of the season is some time this month, and the pool director himself has 2,500 bushels that he wants to deliver before the end of the season. He is in the position that he can take it to the line elevators. I think honourable members will appreciate the position he is in. The pool director has never delivered a bushel of grain to the line elevator companies in his life, and he is going to be asked to provide storage for an extra 2,500 bushels, next year's crop, if something is not done.

Now, Mr. Milner says that it is not his responsibility; Mr. McIvor said it was not his, and the railways say it is not theirs. But since Mr. Milner is the only person who has the authority, the fact that he has refused to deal with this sort of situation is not good enough. I think that there is not any justification for the fact that the C.N.R., at these other points, have made a 6-bushel quota—a 7-bushel quota available—at one point where there happens to be, at least where there was 30,000 bushels two weeks ago. The pool members at that area are being forced to deliver grain to elevators which provide a service. It is tough to ask a wheat pool director who has never taken a bushel to the opposition elevator in his lifetime, if he is going to get rid of this 2,500 bushels, to start now, before the end of this grain year and move his grain. Now, he can haul it 20, 30 or 40 miles to some of the other towns where there is an open quota. Maybe it will not be so embarrassing if he hauls this grain this long distance. But it is bad for publicity for the pool organization to have its director place it in this sort of position. Now, can Mr. Milner say what should be done about that sort of problem?—A. Well, Mr. Nicholson, I think it is

obvious from the discussion what the situation in Mr. Argue's territory was, where they are struggling to get along on a four or five bushel quota; the transport is on the C.N.R. line, I appreciate that.

I would say that the endeavour of the railway companies and of the Wheat Board, and of everyone concerned is to see that we do the best we possibly can to even out these quotas. There are four and five bushel quota points that still have to be filled.

Q. You have made cars available on a seven bushel basis at all the other points. Sturgis is the junction point on the railway and it really does not make sense to me why you cannot make cars available at Stenen, Hyas, Norquay, Pelly and all the other points on a three bushel basis, all in the same area and producing similar types of gran.—A. Surely I have stated that I am not responsible for that type of thing. I cannot say it more plainly than I have, or than I have stated it at previous meetings of this committee.

An Hon. MEMBER: You have authority?

The WITNESS: I have the authority but will not use it. That is plain. I would never have a position as transport controller where I would have to do that because I tell you this is a horse that won't run. There is no man living who could do what you are suggesting, namely equalize quotas all over this country on the present basis of the allocation of cars. Nothing would please me better—and nobody has worked any harder, I don't care who he is, in this country—than to try to even up these quotas.

By Mr. Argue:

Q. If I may ask Mr. Milner a question. If I did complain—if something were done to put box cars at these points—let me say I would have no complaint to make were box cars put in there to more nearly equalize the marketing opportunities for farmers in western Canada, and if at some points they have more than their average number of box cars I will be the first to say that any extra cars should go to other points so as to bring up the average of the rest. That is what I believe, and I am not going to say anything different. But Mr. Nicholson has raised a point here which I think shows that the railway companies are refusing to follow the instructions which they have been given. They have been given instructions to allocate cars on the basis of shipping orders. I asked this question before and I received a reply from Mr. McIvor:

Q. Well, it means he has got nothing whatever to do about the allocation of cars at that point?—A. Well, he certainly has the authority to instruct the railways to place cars in proportion to the orders because he has already done so.

The reason there is a huge amount of space in some elevators at this point and the other elevators are full is because someone has broken the instructions.

The CHAIRMAN: Not necessarily.

Mr. ARGUE: Then, you will argue that the wheat pool bought all the kinds of grain—

The CHAIRMAN: No.

Mr. ARGUE: Mr. Chairman, I have the floor.

Right Hon. Mr. HOWE: May I ask you this: did you know anything about the car orders at that point, that is the shipping orders? Perhaps the empty elevators have shipping orders too.

Mr. ARGUE: I am sure that if the orders at these points had been allocated according to these instructions which have been given that you would not find this situation, which is not confined to Mr. Nicholson's point but is quite the general thing across western Canada. It is the same old problem and it

is the same old case of not allocating orders on the basis of the wishes of the producers. Obviously here that is not being done. It is not being done by carrying out these instructions and is not being done initially by the general distribution of the orders among the companies.

The CHAIRMAN: What I was trying to point out—and I think Mr. Milner can correct me if I am wrong—is that to be able to appreciate whether or not cars are being spotted proportionately to the shipping orders at that given point, you must of necessity know how many shipping orders each of those elevators, at that point, have. Now, Mr. Milner has referred to instances—and that is possible—where one company, if it is down, may wish to send more orders there in order to compete more with the other lines there. They may have five times more shipping orders although they have not, over the past years, shipped much grain out of there. Remember that the shipping orders are allocated at those points by the companies, and if they do that that company would get more cars than the other. So, in order to appreciate whether or not the order is carried out, you must of necessity know what the actual shipping orders are at that point. I repeat again, in order to complete the picture, some two months ago a second order was issued to place those elevator companies at that point in a position to know what the score was on the shipping orders in order to be able to find out whether or not the railways are actually complying with the orders.

Mr. NICHOLSON: Surely you are not suggesting seriously that the wheat pool is holding up orders at this point?

The CHAIRMAN: No.

Mr. ARGUE: May we have what orders came to these points by the various companies?

The CHAIRMAN: It is not a question of the pool withholding orders. It is a question of the others putting in more orders and the pool does not know how the other opposing companies are allocating their orders before the orders get there.

Mr. JOHNSON (*Kindersley*): Before we pass this point, I would certainly like to defend the Canadian Wheat Board against the insinuation of irresponsibility in the handling of shipping orders which Mr. Milner has suggested.

Right Hon. Mr. HOWE: You had better withdraw that.

Mr. MANG: Withdraw that.

Mr. JOHNSON (*Kindersley*): No. There is nothing to withdraw because Mr. Milner says the Canadian Wheat Board issues shipping orders with no anticipation of having them fulfilled.

Right Hon. Mr. HOWE: This explains why Mr. Milner is not acting as Transport Controller after December.

Mr. JOHNSON (*Kindersley*): The Canadian Wheat Board must issue shipping orders on some basis of responsibility. They issue the order because they want that grade of grain and want it now. They can see an immediate sale for it or they can see a place to store it. Therefore, the Transport Controller, on that basis, in cooperation with the Canadian Wheat Board, should surely have the responsibility of following out their advice and getting cars there to get the grain in the position where the Canadian Wheat Board wants it. Perhaps Mr. Milner did not leave that insinuation.

Right Hon. Mr. HOWE: "Perhaps"—no, he did not.

Mr. JOHNSON (*Kindersley*): His responsibility is to get the cars to fill the Canadian Wheat Board shipping orders.

The WITNESS: I would like to correct at once any impression that there is not the closest cooperation between the Canadian Wheat Board and myself. George McIvor and I have been friends for thirty-five years, and intimate

friends. There could not be closer cooperation between any two people than there is between McIvor and me in connection with this matter. That, I think, will remove any doubt in your mind that I would suggest that anything George did was wrong or that George would suggest that anything which I did was wrong. You could not get me to do it and you would not get him to do it. We work very closely together.

You have said that the reason the Canadian Wheat Board puts out the order is because they want to get that grain in. There are 38,000 orders out in the country for cars and you realize what that amounts to in bushels.

By Mr. Argue:

Q. They have made the orders because they want that many in.—A. Can you tell me where you could put 20,000 carloads of grain today?

Q. The Canadian Wheat Board has the responsibility for issuing the orders.—A. They did it because they wanted the orders out in advance of the cars. You could not put the orders out the day the cars came along. The railways want the orders there too. If a car turns up at a station with general freight, would you suggest that that car be taken fifteen miles further along in order to get a carload of grain if there is a carload of grain available there?

Q. Do not confuse what I am saying?—A. What I am pointing out to you is this: I have said that there are 38,000 orders for box cars, I believe, in the country today. I told you that you could not unload 10,000 box cars today anywhere in western Canada; there is no room for them.

Q. What if the Canadian Wheat Board issued that many orders?—A. That has been their pattern of issuing orders. I assure you that there is nothing wrong with it.

The CHAIRMAN: There are two types of orders. Let us not confuse the two. Mr. Johnson is confusing the two types of orders.

Mr. JOHNSON (*Kindersley*): I am in the same position as an individual. If I want to buy a refrigerator or something, I will put in an order and I will eventually get it and the Wheat Board wants that type of grain because it is an export type or it wants it in the terminals.

The CHAIRMAN: Mr. Johnson, you see the point is if the board wants, for instance, grade 3 and are in need of it, they put on what they call an order for an out of order car and that has precedence over the open order. Then there are the open orders that are there generally all along but for a special grade they have a special order.

Mr. NICHOLSON: Could we have the orders for Sturgis?

Right Hon. Mr. HOWE: Why do you not get them? You say you were talking with the elevator operator there. He has them.

Mr. NICHOLSON: He does not know the orders for the other points.

Right Hon. Mr. HOWE: Certainly he does. They are all exhibited to any one that wants to see them.

By Mr. Mang:

Q. The issuing of a shipping order does not necessarily mean, does it Mr. Milner, that a car is going to follow immediately at a certain time?—A. No, it must be evident that it does not.

Q. Well, I am trying to bring it out that it is self evident?—A. Yes.

The CHAIRMAN: Well, we will meet at 3.00 o'clock this afternoon.

AFTERNOON SESSION

FRIDAY, July 6, 1956.
3.00 p.m.

The CHAIRMAN: Order. We now have a quorum and we will proceed where we left off at one o'clock.

Are there any questions?

Mr. R. W. Milner, Commissioner, Board of Grain Commissioners and Transport Controller, called.

By Mr. Johnson (Kindersley):

Q. Mr. Chairman, I am still concerned with that problem of the method of operation in the issuance of Canadian Wheat Board orders. I am not quite clear on that. Every order which the Canadian Wheat Board issues to an elevator company, who in turn places it at the individual elevator, has a firm destination?—A. Right.

Q. The arrangement of those shipping orders would then depend on the class and kind of grain that they want out?—A. By preference.

Q. Yes. If they were expecting a boat in for No. 2 wheat they would, well in advance, give out their shipping orders for the No. 2 wheat, and they want that No. 2 wheat to come in position in time to fill that boat?—A. Yes.

Q. So the orders are issued for a specific purpose.—A. Yes.

Q. So the objective of the Canadian Wheat Board would be to have the orders filled as expeditiously as possible?—A. Yes.

Q. Therefore the minimum time delay in delivery of a box car following the issuance of a shipping order is desirable?—A. That is correct, subject to the instructions which I get, or other information which I get, from the Canadian Wheat Board every Monday morning with respect to their requirements for export purposes. That is the governing factor.

Q. There is one other factor which is not too closely related to shipping orders, but more fundamentally on the function of the Transport Controller. I think we have appreciated the review which Mr. Milner has given of his responsibilities as he sees them, and I think that that has given us an indication of the difficulties which have arisen. I believe that a lot of the farm organizations have assumed that Mr. Milner was prepared to carry out all responsibilities that are given to him under the act. But it is apparent that the Transport Controller has felt that his sole responsibility was that of getting wheat in position in time to fill the cargo ships which arrive at the port. Broadly speaking, I think that the farm organizations, or the farmers, look upon your work as carrying on the allocation of box cars to marketing points right up to the time that the cargo ship is filled. Perhaps it is something the same as sending a fellow out to weed the garden and he goes to work and weeds the potatoes leaving the carrots and peas, or the ones that are a little more difficult. I am disturbed about that tendency of assuming responsibilities, particularly when the Minister of Transport, under whose responsibility you operate, has stated that your responsibility is one of seeing that box cars are in position to supply the Canadian Wheat Board orders. I would like you to give just a little more explanation as to why you have not dwelt more on the individual marketing points as part of this pipe line in moving grain from the farm to the export business?—A. You know that I have not deliberately ignored orders which I have received. I have worked, as I told you, very closely with the Canadian Wheat Board. I have not, at any time, had any complaint from the Canadian Wheat Board that I was not carrying out any duties to their satisfaction. You must realize that the Canadian Wheat

Board is the one organization which deals with wheat in Canada and other grains, that is oats and barley. There could not have been closer cooperation than that which has existed between the Canadian Wheat Board and myself as Transport Controller.

I told you this morning that I talked to the Canadian Wheat Board a great many times during a day on every phase of transportation. Our chief work requires us to meet their export shipments or sales which are required on quotas. In every case I discuss with the railways the situation at particular points. I do not know how better I can answer you than to say that there is complete cooperation between the Canadian Wheat Board and the Transport Controller at all times. They were fully aware of the situation which existed at every one of the points. They have all the information with respect to the orders and all the information with respect to the requirements for export purposes.

Q. When the resolution was before the house to renew the powers of the Transport Controller, on page 3627 of Hansard, we were talking about this same difficulty and I said: "I think we must define this collaboration and I would ask the minister to answer those two questions and indicate to me that, if there is a shortage of shipping orders, then that is the responsibility of the Canadian Wheat Board, but, if there is a shortage of box cars, then that is the responsibility of the Transport Controller." Mr. Marler said: "I think the hon. member has answered his own questions."—A. That is right.

Q. Then, relating to the corollary of shipping orders and box cars, why should we have a situation existing where there would be thirty or forty outstanding orders and no box cars for weeks on end?—A. I told you a short time ago that there were 38,000 orders for cars out in the country.

Q. Orders for grain which the Canadian Wheat Board wants moved somewhere else.—A. Yes. But that is not the immediate problem. The immediate problem is to move forward the grades which the Canadian Wheat Board requires. I told you that every Monday morning I have a statement from the Canadian Wheat Board as to their requirements concerning the grades and grains which they require to meet their commitments.

Mr. GOUR (*Russell*): Mr. Chairman, may I say to Mr. Milner that I find that you are the best qualified person, that you give us the best detail, and that you are the most patient man in the world. You have to repeat things to these gentlemen. It is not their fault—they are nice people—but they are bound to criticize you. You may repeat the same thing ten times, but they want to try to create a kind of small political peanut and suggest that you have not done good work. They are bound to criticize you. This is small peanut politics and I am tired with these small peanut politics.

Mr. JOHNSON (*Kindersley*): But—

Mr. GOUR (*Russell*): I have the floor.

Mr. JOHNSON (*Kindersley*): I am trying to say something—

By Mr. Gour (*Russell*):

Q. You talk all the time. You do not know what you say. We are quite intelligent people, some of us, but they are just trouble makers. By gee, here we sit and we keep patience. I am out of patience. Not one of the men could do exactly 100 per cent because you have too many things. There is the question of grades, there is the question of boats that have to be filled. That is the main thing. Exports today are the first thing. You do not want that grain all sitting in Canada. Therefore, I understand that nobody can do a better job except I have got some in my riding that kick all they like, they never do anything.—A. May I assure, you, Mr. Gour, that when I took on this responsibility I realized that I would be subject to all kinds of criticism

and I realized that I would be subject to criticism where with the immunity members possessed I was not going to be in a position to answer them and I took it on in the face of that. Canada has been very good to me. I do not need a position of any kind. I am independently wealthy. I did this because I thought I would be doing a good job for Canada at the request of a great friend of mine, Mr. Howe. I have done the best that I could. I have conducted the operations of Transport Controller as I thought were in the interests of the producers in western Canada. My investments and the money which I have which is considerable, are all invested in western Canada. I would be the biggest fool on earth if I did not do everything I could to promote the interests of western Canada. That I have done, sir.

Q. You are right, sir.

By Mr. Quelch:

Q. Mr. Chairman, in the constituency that I represent, most of the lines are Canadian National and I think in the Acadia constituency an excellent job has been done by both the Wheat Board and the Transport Controller. The few cases that have been brought to my attention were referred to the Wheat Board and in a very short time they were pretty well equalized at that point. On the other hand, I do realize there are a few instances such as the member for Assiniboia where there is ground for complaint. He happens to have a Canadian Pacific line where the quotas are low and it is only natural—and it would be unnatural if they did not feel they had a grievance—it is only natural that people should think they have suffered a grievance. They see people who have a quota of 7 and 5 bushels to the acre and they have only 3 or 4, so it is only natural they should feel a grievance and I am not altogether satisfied with the explanation. I realize and Mr. McIvor stressed it was due mainly to the fact that these points did not have the right sort of grain. In spite of what has been said I think that was what Mr. McIvor said. He said the trouble is they do not have the right type of grain. On the other hand, if these points all have orders, it seems to contradict that statement.

I think in point of fact the number of orders are considerably in excess of the amount of grain that could be handled in the terminals?—A. It could not be handled.

Q. That probably explains that point but I think Mr. Milner will realize the farmers now have even more complaint than they had before because they had expected and hoped that on July 31 if the quotas at that time were not equalized we would do the same as we did last year and carry on until such time as those points had been equalized. That is what we did last year but now we are told on July 31 it would be cut off.—A. May I reply to you about that? I was in Edmonton at the end of July last year. The Right Hon. Mr. Howe was coming through Winnipeg and he asked that I be sure to meet him with the Wheat Board to discuss the situation. I could not go from Edmonton. I was out interviewing some elevator agents who had some excessive overages. I spent a good deal of my time in my years of business in the province of Alberta and I knew the agents and I knew the conditions at the Alberta points and I suggested to the board that I would be the appropriate representative of the Board of Grain Commissioners to go out and discuss with these elevator agents. When I heard that Mr. Howe wanted to interview me, Mr. McNamara of the Canadian Wheat Board telephoned me and I said: "Bill, I cannot be there but I want you to give a message to the minister for me that I am entirely opposed and unalterably opposed to this business of continuing this quota after the 31st of July because I know from my experience that you will put into elevators grain which is not required for export and of which we have a surplus at the moment". That was my position.

Now, I will tell you a little bit about this situation in the southern part of the province of Saskatchewan and I do feel sympathetic for those people who are not going to be able to get a quota equal to the rest of the provinces in the west. I can understand their feelings but you must remember that that long July 31 which created a shipment of some 28 million bushels of grain out of western Canada was largely taken out of these areas which are today suffering from a lack of boxcars. Those shipments that went out of there did not apply on the quotas on the docket this year. If you were to apply all those shipments which occurred on the long 31st of July to the shipments which had been made out of those areas, you would find they had not had such a terrible supply of boxcars.

Now, that is not the full answer and I do not intend to make it so, but I say it is a contributing factor to the situation that has existed there. If there were anything that I could do, if there was anything that I could do to even the quotas of the western provinces it would make my life easier, it would make the life of the railway easier, the life of the Wheat Board would be easier. Why in the world would I not do it? I talk to the railways every day, and I talk to the Wheat Board every day and we are trying to get those cars into those points where quota is lowest.

Now, really I do not know what more we can do.

Q. Mr. Milner, I was not criticizing you in this case. I was just pointing out the situation and that as a result of that situation it is only natural that there should be a feeling of certain people suffering a grievance. I am not blaming you for it. I think the only body I would be prepared to blame would be the Canadian Pacific Railway for the situation that you yourself described. I think there is blame attached to the Canadian Pacific but the other situation I think we have got to admit arises chiefly from the fact that we had very large crops and did not have enough sales to cover it year by year and this situation is the result of it. That is the main cause of it. I am not in a position to say and I have not anything that could be offered by way of a logical solution to the difficulty. I know it is awfully easy to talk about allocating cars to keep our quota even, but in the light of what has been said by Mr. McIvor and yourself, I realize it is a very bad situation and I am not going to blame you or Mr. McIvor for that situation.

By Mr. Charlton:

Q. Mr. Chairman, coming from the east there are many things about this wheat situation that I do not understand. I am willing to admit that and along with it I might suggest that there are few people who do understand everything about the principle. There is one thing that rather confused me, Mr. Milner. When you say there are orders for 38,000 boxcars now that the Wheat Board has sent out to their elevators, yet you speak of the immediate need. Are we to assume that this immediate need is export wheat?—A. That is correct.

Q. That is the difference between domestic orders for feed grains and so on, for instance—A. For both domestic and export, Mr. Charlton.

Q. The 38,000 boxcars?—A. No, the 38,000 boxcars are orders that there are in the country at the moment which is a broad coverage of all the stations so that the railway cannot say they are out of orders at any point.

Q. You mean that is the amount of grain to be handled?—A. Well, I do not know how I can explain it to you, sir, because apparently you do not understand the situation that exists out there. The 38,000 boxcars that are on order by the Wheat Board for shipment from those various points is simply a desire on the part of the Wheat Board to have sufficient orders at every point so that the railway cannot say: "We have not orders to complete these quotas at this point".

Now, the 38,000 boxcars, I get, as I told you sometime ago, every Monday morning from the Wheat Board the number of cars that are required to meet their requirements whether it is up to the end of July, or it is the end of August or up to the end of September. They say to me: "Roy, this is your job to get this stuff moved". Now, that I do because that is my function as Transport Controller. I could not explain it any better than that, Mr. Charlton.

Q. But the immediate need, is that just required at the terminal elevators for export?—A. Oh certainly, and always will be. As a matter of fact, speaking about domestic requirements, I have not had one single solitary complaint in three years from the domestic market in the east that they have not had the cars in the place that they required them when they put orders in for shipments and that was a situation that never existed before that time. I have on my desk every morning the number of cars that are on order for shipment for the domestic market to the east. I have the number of cars that were shipped the previous day and I know that situation intimately day by day every morning and there has been no delay of shipments of domestic grain to eastern Canada in the last three years and nobody can say there has.

By Mr. Johnson (Kindersley):

Q. What about the situation last fall when the mill at Humberstone could have used 30 cars a day for a month and the railways were indisposed to supply them with the cars?—A. What mill at Humberstone?

Q. Whatever it is.—A. You have information I have not, Mr. Johnson and I tell you it never came to me. Was it Ontario wheat you are talking about?

Q. No, it was Saskatchewan wheat being shipped to the mill.—A. Well, there has never been a shortage of shipments of Saskatchewan wheat to Humberstone.

Right Hon. Mr. HOWE: The stocks in the mill elevator have never been below 1 million bushels.

By Mr. Johnson (Kindersley):

Q. What is their capacity?—A. It does not matter what it is, if they have enough to meet their requirements.

Q. That is exactly the point. You do not care about the farmers and then we hear of a milling company. That is precisely the problem we have been complaining about.

Mr. POMMER: That is going a little too far.

The WITNESS: If you tell me, Mr. Johnson, that I do not care about the farmers—

Right Hon. Mr. HOWE: We can satisfy everybody else except four C.C.F. members in this room.

Mr. JOHNSON (*Kindersley*): That is not true. We sat here listening to an accusation against the Saskatchewan Wheat Pool because we happened to be expressing their attitude.

Right Hon. Mr. HOWE: You are not expressing their attitude.

The CHAIRMAN: Order. It is impossible for the reporter to take anything down when there is more than one speaking.

The WITNESS: May I answer Mr. Johnson? Mr. Johnson, you know as well as I do that it is quite unfair for you to say that I do not care about the producers in western Canada. You have nothing whatsoever to support that argument.

By Mr. Johnson (Kindersley):

Q. Except your record of performance.—A. My record of performance I will stand on.

Right Hon. Mr. HOWE: It goes back 35 years before you were born and I compare what Roy Milner has done for the western farmers with what my honourable friend has done.

Mr. GOUR (*Russell*): He is not responsible for what he says.

By Mr. Johnson (Kindersley):

Q. It is a matter of what we are doing in relation to the people in western Canada. I know there are points with three bushel quotas who are going to be denied the privilege of delivering grain while his neighbour 40 miles away is getting cars. If that is the policy of the Canadian Wheat Board to put shipping orders into those points it is the failure of someone to see the boxcars are put in there to fulfill those shipping orders. We are told that is the responsibility of the Transport Controller?—A. By whom?

Q. Your responsible minister. The Minister of Transport has told me that in the committee report.—A. Where?

Q. Right here in *Hansard* in the part I read. I said: "But if there is a shortage of boxcars that is the responsibility of the Transport Controller?" And the minister answered in the affirmative.—A. That is the general shortage of boxcars. That is not a shortage of boxcars at a certain point. Let me correct you for a moment. There is not a man in this room nor any man in western Canada who can say while I have been Transport Controller that I have ever engaged in discussions or any matter in relation to the question of boxcars at points where people were in trouble that I did not look after and did not look after efficiently and I will ask Mr. Argue if that is not correct.

By Mr. Argue:

Q. Mr. Chairman, I would like to be fair and I can only speak from my own personal knowledge. In the times I have brought a specific complaint to Mr. Milner about the need for extra boxcars he has acted quickly, he has kept me informed and I am not certain that I would be correct in saying that he has achieved the desired result in every single case but the performance has been good.

The WITNESS: Thank you, Mr. Argue. I will tell you that that applies to the 1,000 or 5,000 requests that I have had for cars at individual points and I can tell you, sir, that that was quite outside my duties as I pointed out, as Transport Controller or any duties that were ever assigned to me as Transport Controller.

Mr. ARGUE: Now, I want to make a few statements.

The CHAIRMAN: Mr. Tucker was trying to get the floor before that.

Mr. TUCKER: I would like to make one observation. I have in mind what Mr. McIvor told us that he had had complete cooperation from the Transport Controller in their job of marketing the farmer's grain and expressed complete satisfaction with the job that he had done. I also have in mind that the C.C.F. party constantly beat their breasts and claim to be quite satisfied with the Wheat Board. That is what they have been saying. I cannot then believe it is right for a member of the C.C.F. party to get up and charge the Transport Controller who has just been given such an endorsement by the Wheat Board with not doing anything about the farmer and only looking after milling companies and somebody else. I think in fairness not only to this committee but to a public servant who, as we all know, does his very best to rectify the situations which are brought to his attention—we all know that; I do not think it is fair that that should stay on the record and I do not think it is concerned with the alleged claim of the C.C.F. to believe in this system of marketing of grain, because while they say that sort of thing on the one hand, they say all sorts of other things all over the country!

Mr. JOHNSON (*Kindersley*): I do not think we need to be concerned with the statements made by the hon. member for Rosthern because there are not too many people in Rosthern who listen to his statements!

Mr. TUCKER: I have managed to get elected there for 25 years. After you are able to do that, you may talk!

Mr. JOHNSON (*Kindersley*): It is very easy for those who are determined to misconstrue attitudes and ideas to do so. My personal idea is that the Transport Controller, Mr. Milner, possesses the same qualifications that my friend the right hon. the Minister of Trade and Commerce has, namely, the determination to get things done. I will grant both the minister and Mr. Milner with having that ability; but in determining to get things done they do not particularly care how they do it, or just on whose toes they happen to step; and that has been precisely the situation in the office of the Transport Controller.

I feel that if this office had been enlarged as we suggested should be done, then the individuals concerned and the farmers at the marketing points could have been given consideration.

Mr. TUCKER: On a point of order I submit to you that we have Mr. Milner here to present and explain the report that has been referred to us by the House of Commons, and that until every member of this committee has asked the questions he may want to ask, and there has been a discussion with the witness, that speeches about what the policy should be are out of order. I do submit that this report has been referred to us for consideration and that we have Mr. Milner here as a witness to answer any questions about it, and I submit that all the members should ask questions about it and after the questioning is over we can devote ourselves to a discussion as to what report we should bring in, if any; I do submit that the members should not take the floor and make lengthy speeches in regard to what should or should not be done, but that they should be restricted to asking questions.

Mr. JOHNSON (*Kindersley*): Well then, move another closure motion.

The CHAIRMAN: There is a point of order before the chair; the point of order raised is that we have a witness before us and the witness has to discuss such orders as he received from the government, and that any discussion of the policy of the government in this respect is not really relevant to the Transport Controller himself.

That has always been the principle applied in this committee, and I think I should ask the members to try to refrain from involving the Transport Controller in policy matters, and to restrict themselves to matters and questions related directly to the controller. And I would add just another word that it is always a dangerous procedure, and not a good procedure for members to indulge in personalities because it does not contribute to the debate and it does not contribute to the discussion. Therefore I would respectfully ask all the members to try to refrain from indulging in any personalities, but to deal with the subject objectively and on its own merits. Mr. Johnson?

Mr. JOHNSON (*Kindersley*): I would like to complete what I was saying: it was not a matter of policy because I have discussed the same thing in the committee before, that if the office of Transport Controller could be increased, then probably we would have a better chance to alleviate some of the sore spots in the marketing.

Right Hon. Mr. HOWE: There will be a decrease of one in December, and if we ever get a replacement of that one, I doubt it; and if he ever attends a meeting of this committee, I am damn sure we won't.

Mr. JOHNSON (*Kindersley*): I think he will be here as chief commissioner of the Board of Grain Commissioners, so we will still have Mr. Milner's

services. My suggestion has been repeated in the past that there has been no determination to provide a solution to the problem.

Mr. TUCKER: Is the hon. member not discussing a question of government policy? What has Mr. Milner got to do with the question of whether there be one or two performing the office of Transport Controller? Obviously Mr. Johnson is out of order.

Mr. ARGUE: We are discussing the statement which Mr. Milner made this morning, I take it, as Transport Controller, and the policy of the Transport Controller. That was his report, his verbal report, and I suggest to you, Mr. Chairman, that comments by the committee about the report which is before us are quite in order. Mr. Milner made a very lengthy statement this morning and I think that the members of the committee should be given an opportunity to reply.

Right Hon. Mr. HOWE: How many members would you include who might have that opportunity?

Mr. ARGUE: All members!

Right Hon. Mr. HOWE: Well then why not give the other members a chance?

The CHAIRMAN: You are dealing with a point of order?

Mr. ARGUE: Yes, Mr. Chairman, but the minister keeps interrupting me.

Mr. JOHNSON (*Kindersley*): You fellows who know so much about it—

The CHAIRMAN: Order!

Mr. ARGUE: I think the minister was interrupting at the point when I was saying that the members should have the right to make comments on Mr. Milner's statement of this morning, but the Chairman, next to whom the minister is sitting, will decide when any member can get the floor. We have got along very nicely with the Chairman on this occasion except when the minister interrupts.

The CHAIRMAN: Order, order!

Mr. ARGUE: I want to get this assurance from you, Mr. Chairman, if I can; I am not looking in this discussion—if you would rather we wait to make any extended remarks about the kind of thing we think should be changed in the department of the Transport Controller, very well, but I would like to get an assurance, sir, that we do have an opportunity, and that the agriculture committee will have an opportunity to meet next week, on Monday or Tuesday, to discuss this general problem so that all the members of the committee may have an opportunity to express themselves about the matter under discussion; in other words, I am saying there should not be any choking off of the committee or an adjournment today, with the committee being recalled only for the purpose of drafting a report in camera.

I think we are dealing now with the one principle and contentious subject as far as the marketing of wheat and other grains today is concerned, and I have a lot of evidence here to show that the present policy is not supported by the farm organizations and that they have been very critical about it. I want to make a general statement about it at a later time.

The CHAIRMAN: Naturally any matters relating to the statement which was made by the Transport Controller this morning are relevant to the discussion but I must say, however, that on the matter of whether we should enlarge the Transport Controller's office or whether it should be changed in any other way—I suppose that questions relevant to the Transport Controller and to his opinions of certain offices would be in order, but there is no point, and it could not be relevant to ask him for an opinion on policy matters because he has no jurisdiction in the matter.

The guiding factor as to whether it is relevant or not is always as to what the man can do about it, and if it is outside his jurisdiction, then it is out of order. I am sure that all the members of this committee are familiar enough with the subject matter of the office of Transport Controller to stay well within the rules and to stay in order. I think the discussion should take place now. There would be no necessity and no point in calling another committee meeting, because then there would be nothing before the committee.

Mr. ARGUE: Then, Mr. Chairman, if that is the case, I think we should continue to discuss the general report and the general powers of the transport controller. If we have not concluded our discussions this afternoon, then I suggest, with respect, there is only one thing left to do, and that is to have another meeting of the agricultural committee so that that discussion can be continued.

The CHAIRMAN: The question has not arisen Mr. Argue. There has been no question that the committee adjourn, or any such action be taken. We are just proceeding.

Mr. TUCKER: My point, Mr. Chairman, is this: Mr. Milner is here to be examined by the various members with regard to his statement and his actions. If we are going to be entertained by long speeches by certain C.C.F. members, then other members of the committee do not have a chance to ask the questions we would like to ask. When we finish asking Mr. Milner the questions that the various members of the committee want to ask him, then, of course, there is nothing to prevent them from making these speeches that they think are in order in the committee. But I do object very much to having a man, as busy as Mr. Milner here, who is here to answer questions, and clear up various points of difficulty, having to listen to long speeches from C.C.F. members, preventing other members from getting answers to questions they want to ask, and questions which those members have an equal right to ask as the members of the C.C.F. party.

Mr. JOHNSON (*Kindersley*): Why not ask a question?

Mr. TUCKER: I have not had a chance to ask a question; you people are making speeches. I have questions I would like to ask.

The CHAIRMAN: I think this last point raised by Mr. Tucker is well taken, but as the chairman I cannot anticipate speeches before they are made. I will keep that in mind as we go along. I am sure that all members will cooperate with me in keeping their speeches within reasonable lengths in order to give other members a chance. Because, as you know, and I do not have to remind you, this is one of the largest standing committees of the house. If everybody wants to get a chance to be heard, then we all have to use some restraint.

Mr. TUCKER: I take it, Mr. Chairman, that the C.C.F. have run out of questions, so I would like to ask a question if I may.

The CHAIRMAN: Mr. Tucker.

Mr. JOHNSON (*Kindersley*): Do not assume we have run out.

Mr. TUCKER: You have been making speeches all afternoon.

Mr. CARDIFF: I would like to ask one question.

The CHAIRMAN: Mr. Cardiff.

Mr. CARDIFF: But it certainly has nothing to do with boxcars, and it has nothing to do with personalities.

The CHAIRMAN: You are perfectly in order then.

By Mr. Cardiff:

Q. I would like to ask Mr. Milner this question: Was there any justification in the excuse made that because of the lack of wheat germ in Canadian wheat,

along with other ingredients, that the price of bread was raised one cent?—A. Sir, I am sure that you will realize that that is quite outside my province.

Q. I imagined that you could answer the question.—A. Even if I could, I would not.

Q. The minister made a better attempt to answer the question. I asked that question of the Minister of Trade and Commerce in the house, and I think he agreed fully with me that it was not because of the lack of wheat germ in wheat that justified the price of bread going up one cent a loaf.—A. If I had the head of our laboratory here he could answer the question. I am not a qualified chemist, sir.

The CHAIRMAN: Mr. Tucker.

By Mr. Tucker:

Q. I would like to ask Mr. Milner to deal with a question that has been raised a great deal. What is the reason for the attitude of the Canadian Pacific railway—he has stated that he could not get them to do what he thought they should do, until he took the matter up with the president. The charge has been made that it had something to do with the feeling of the C.P.R. that they wanted to keep the Crowsnest Pass rates down. I just wondered if the transport controller knows why he did not get the cooperation of the C.P.R. that he thought he should get, and if there was, in his opinion, any deliberate lack of cooperation.—A. Mr. Tucker, I can answer that best in this way, I think: when Mr. Crump became elevated to the position of president of the company—he was an excellent man in the operations of the railway, and when he became elevated to the position of president, there was, as there very often is in a large organization, a sort of—what will I call it—a lack of experience. It was that lack of experience that I had to deal with which caused the shortage of box cars, and the shortage of equipment that I would have liked to have seen in the west during that period. I told you this morning, I think, when I referred to them as “pencil pushers, theorists”, and that is not all I called them when I was talking to them. But, that is the best language I can use here. It was evidently a case of where—and I will call it untried personnel—was attempting to run the transportation of the C.P.R., and it did not work out as far as I was concerned until I could get back to the president of the company, after which time we got action. I think every member here knows, and particularly every western member, that the supply of box cars, after that time, was perfectly adequate for the purposes of western Canada.

Q. I take it then, if you are satisfied it was not deliberate on the part of the management of the C.P.R., that they would be ready to go to the necessary lengths to provide box cars to rectify the situation, if it is possible at all, before the end of the crop year?—A. Mr. Tucker, that poses a problem too. Because, as I have told you, we have in the neighbourhood of 9,000 on track and in transit to the lakehead. We have other cars at the west coast, in the neighbourhood of 3,000 cars. We cannot increase that amount.

I do think, however, and I do this with a little reluctance—because I have not talked to George McIvor about it—but I think that probably instead of extending the period of deliveries past the 31st of July, my inclination would be to give consideration to these points, which have not reached as high a quota as some of the other points in the west, to give all the consideration in the matter of transportation after the 31st of July, so that as quickly as possible we would even up the situation throughout the west. I think that is the reasonable thing, and I think perhaps it could be worked out.

Mr. ARGUE: How can it be evened up when there is no quota?

By Mr. Tucker:

Q. I think my impression is that what has been mentioned about the situation in southwestern Saskatchewan at C.P.R. points not only prevails there, but in other parts of Saskatchewan. I think that is true is it not?—A. That is correct, sir.

Q. It seems to me that that does lend the basis to the suggestion that it is not entirely due to the desirability of the grain, from the standpoint of getting rid of it, but rather it is due to the relative inadequacy of the C.P.R. as compared with the C.N.R. is supplying box cars.—A. That does not exist today, as you know, Mr. Tucker. They have an adequate number of box cars—in fact, the C.P.R. has today more box cars in the west than the C.N.R.

Q. When you spoke of the number of box cars, did you refer to the total number of box cars, or the number of box cars used for the movement of grain?—A. When I talked about box cars some time ago, it was in respect to the total number of box cars owned by the companies. The figures were approximately: 48,000 box cars for the C.P.R., and 65,000 box cars for the C.N.R.

Q. But in spite of that, they have today more box cars in the west to handle grain than the C.N.R.?—A. In western Canada. As a matter of fact, from the box car requirement point of view, I spoke to Mr. Crump about the box cars of the C.P.R., and they put 58 per cent of the total box cars which they owned in western Canada from May 1st on. Prior to that there was only 50 per cent of the box cars that they owned in western Canada. That was a marked difference in the number of box cars that we had available.

Q. And you have the feeling that this discrepancy that developed through the failure of the C.P.R. to get enough box cars out there during the six weeks period—you feel that that will be in a large measure at any rate, corrected before the end of the crop year, do you?—A. No, I do not think it will be corrected within the crop year, because although we have so many cars there, there are so many requirements for various grades of grain, that it has happened too late in the crop year. If you are going to equalize quotas all over this country it must start right at the commencement of the crop year. There must be an intelligent survey of the crop that is grown in the various areas, and the cars must be allocated to those areas, not in the last two months of the year. That makes it an impossible situation. You will always have trouble, I will not be here to look after it, but I am telling you, for the future, an intelligent look at the crop situation in those areas—we have had this situation that existed for three years in that area from where Mr. Argue is. You have had crops there that were abnormal, and particularly abnormal in that area over a three-year period. Well, you shake your head, Mr. Argue, but I have been in this business a long time.

Q. I think it is a little further west.—A. All right, from there right straight west.

Q. It is truer in Mr. Johnson's area than it is in mine.—A. All right. That is bound to create some kind of difficulties in the movement of it, and particularly in view of the fact that that grain can move westbound to meet export commitments, if it is the right kind of grain, because there is a very slight freight differential for westbound shipments. But I come back again to what I said earlier: if you are going to start out to try to equalize quotas you must work from the commencement of the crop year to the end; you cannot leave it until the end of the year and hope to get equalization of quotas. There is no question about that. I am talking, now, from experience gained in all the years I have been here. I have watched the situation and I have told members before that the best thing that could happen as far as I am concerned—and the thing that would get everybody off my back—and that would be a happy situation, though I do not think it is likely to arise—would be to have a

situation where there would be no complaints, and the only way of getting that would be to equalize these quotas all over the west. I do not know, for the life of me, how you could do that. Whoever is the next transport controller I will always be available to talk to the Wheat Board if they want to introduce some kind of an arrangement; I will talk to anybody at all and use the benefit of all the experience I have gained over the last five years—and it is quite considerable—to assist anybody, and I will undertake to work day and night to try to equalize quotas in western Canada. I cannot do better than that. I keep getting criticized as transport controller but I have made my position clear with respect to the situation. I will do anything, now, during the length of time I am on this job and even after I have finished it, if my experience can be useful, to help any person who wants to talk to me about transport control and the solution of this problem. I will be only too happy to talk to them.

Mr. TUCKER: I think the experience of most members bears out the fact that Mr. Milner has done his best to try to meet any difficult situation where there is a very low delivery at any point, and so on. I think all members have had the same experience with regard to this, and we know the goodwill which exists on Mr. Milner's part and his desire to do what is right. I think, too, the farmers understand that if grain is not being sold they cannot expect to have it shipped out to the same extent as that which can be sold, but I know that if they feel that failure to deliver is due in some part to the failure of one of the railway companies to do as well as the other, that is going to make them resentful, as everybody will understand. That is why I am glad to hear that everything possible will be done to meet the situation.

There is one more point I should like to refer to. Mr. Milner intimated that a recommendation made by a unanimous vote of this committee, namely that the railroads should allocate box cars to any particular point on the basis of the orders they have at that point at any one time has resulted in some companies plugging their orders at one point in order to get a disproportionate share of cars at that point. Mr. Milner mentioned the fact that at one point a company put in orders for 40 which was out of all proportion to their share of shipments over the prairie as a whole. That, of course, naturally causes a lot of hard feeling. Now do you have any suggestion as to how, if some company takes action of that kind—action which is really not in keeping with the spirit of what this committee recommended—steps may be taken to deal with it by way of legislation, or an order from yourself, or instructions which would prevent that sort of thing happening too often?—A. I took this question up with the Canadian Wheat Board and I brought to their attention not one point only but a number of points where such a situation had occurred. As you know, if you were in a competitive business and some person did that kind of thing to you at one point, you would probably pick the point where you were “down” and do it to him, and the growth of such placing of orders for competitive purposes could entirely disrupt what would be a sensible distribution of box cars. So, I suggested to the board that when they give a bulk order to a company the company just allocates the orders to various stations but those before they go out are sent to the Wheat Board. The Wheat Board takes the view—and quite properly, in my opinion—that they do not want to interfere with the competitive conditions that exist in our markets, but I think they are coming round to the view, now, that where something seems definitely out of line perhaps they should say: there are too many orders at that point. I think the thing will be looked at; it is something that has grown out of the circumstances and which is a recent happening. I think it will be fixed up and corrected.

By Mr. Blackmore:

Q. Mr. Chairman, Mr. Milner made a remark a few minutes ago which was, I think, more or less obliterated by someone interrupting. He indicated that he thought that the statement which has already been made that the quota would be discontinued on July 31—I hope I have the right terminology—would probably be modified.—A. No, sir, I did not say that. What I said, Mr. Blackmore if I may correct you, was this: that I think, perhaps, consideration will be given by the Wheat Board to those points which did not come up to the quota of the rest of the country to see that they got some preference in shipments at the start of the new year—that by September 15, perhaps, the thing would have pretty well evened itself out. I do not think there would be any great difficulty in doing that.

Right Hon. Mr. Howe: I said in the house, you may recall, that when the pressure was off in the month of August, with no deliveries and no new crop coming in, every effort would be made to correct any differences that were outstanding at the end of the crop year. And that, I am sure, will be done. I have talked to the Wheat Board about it.

Mr. QUELCH: You mean you will concentrate cars at that point so that the quota would be higher than the quota at other points; if at the end of the crop year it is not possible to equalize quotas you would ensure that a point which was low last year should be high this year.

Right Hon. Mr. Howe: I am afraid I could not ensure a thing of that kind.

By Mr. Mang:

Q. Have you, in your experience, found that there were any grounds for suspicions of that kind?—A. No, sir. I have never found anything of that nature. When I first started in transport control, this was the only public announcement I made—the only public announcement, I believe, which I have ever made as Transport Controller. I said:

I shall approach this transportation problem with the knowledge that vessel owners and railway companies know their business better than any outsider. I hope that they will work out with us the best method of relieving the bottlenecks which prevent a maximum use of transportation facilities.

Both grain and ore will have to be moved in volume as well as other bulk commodities such as coal, pulpwood, stone and lumber. We believe that the full use of technical skill peculiar to the efficient operation of transport companies should not be interfered with and we shall do our utmost to obviate the necessity of the issuance of orders.

I have never changed my mind in the five years I have been there. For instance, it has been said, "Why did not the Transport Controller order the railway company to put more cars into grain?" You raised the question, Mr. Mang. I am going to make you the Transport Controller and I will be the railway. You have instructed me that I am to put more box cars into grain. I would immediately say to you, "Well, tell me, Mr. Transport Controller, what commodities do I not haul?" Now, if the railways ask me that, I can tell you I am up a tree. Should I say they do not haul lumber, they do not haul coal, and they do not haul building material and general merchandise? I have looked over consists of trains—that word "consists" is what a train has in the cars. I told you it is a mixed bag that the railways haul. I do not think that I or any other government official—I do not care who he is—can tell the railways that they must stop the hauling of these other things and put more cars into grain. I have explained the situation to the railway companies. I have explained the problem, that we have to haul wheat, and

that I want them to cooperate with me to get this done. I have had 100 per cent cooperation from the Canadian National Railways and 98 per cent cooperation from the Canadian Pacific Railway in the five years I have been on the job. Better than that I do not think I could ask.

Q. I pose one other question for the record as much as for any other reason. In the methods which we are using to market our wheat through the Canadian Wheat Board, we as farmers agree to pool our wheat in bringing it to the domestic and to the export markets. We pool. We take our chances of getting equity at the end of the year. In addition to that, is it not true that we are also pooling our delivery opportunities? That is, at no given date or at no given time, or month, can we expect exactly the same treatment as perhaps someone else receives in that particular month. We have to realize that we are pooling our marketing opportunities and our turn will come. We have to entrust, as farmers, those two phases of delivery of our grain and marketing, to people whom we believe, to the best of our knowledge and belief, know their business and are acting in the best interests of the producer.—A. I would think that is an assumption which we could go along with.

Q. I want it for the record as much as for anything else.—A. I do not want to establish records.

Q. In the matter of estimates, last year we got into difficulty by putting on the deadline which you are this year refusing to put on with respect to the crop year. Last year we extended the quota. Now this year that is not going to be put into effect. It is necessary for us to cooperate, as farmers, when we make our estimates as to how much there is to deliver. Our farm estimates last year upon which the 8-bushel quota was announced was thrown out of gear. Mr. Howe received a lot of criticism for that and also the Transport Controller and the Canadian Wheat Board; but one factor in the situation was that the farmers themselves did not operate the machinery which is there with respect to proper estimating. I am not saying it was deliberate. They came along at the end of July and instead of having a jag of wheat, which they told the elevator operators they had, they had a bin of wheat, 1,000 bushels—

An Hon. MEMBER: And a new crop coming in.

By Mr. Mang:

Q. Yes, and a new crop coming up. But I am saying this, that it is not fair to our officials to condemn them for situations which the weather has created and which the condition of our own personal business has also helped to create.

I am very much concerned that we have been levelling criticism at people. We must trust someone. We have people who have good records. We trust the Lord for the weather. If we are going to continue to fly in the face of facts with respect to our pooling system of marketing grain, I am saying this now that the time will come when we will not get proper officials to handle this because there will come a time when their patience will end and they will say, "Market it yourselves and have your own headaches."

That is for the record.

By Mr. Blackmore:

Q. To make clear what is in my mind, you all know that Lethbridge is one of the points at the present time which has not had the cars. We have endeavoured not to complain too much, but have endeavoured to complain enough. Now, what I am wondering is this: suppose now we accept the expressions which have already been used by the minister in the house and by yourself, Mr. Milner, that you do the very best you can; suppose in my constituency a man has, say, No. 3 wheat or No. 2 of high quality and there is no demand for that kind of wheat on the world market and once more there

is a demand for No. 5 and No. 6 and we are left out in the cold. The answer could be made "it is not possible to do anything for you". Do you not suppose the time ought to come when it was made possible by some sort of a device which would help us out?

The WITNESS: I will tell you that between now and the end of the month we will bring box cars in there.

Right Hon. Mr. HOWE: I think, to be fair, that Mr. Plumer said there had been trouble at Lethbridge but that it was being corrected very rapidly.

Mr. BLACKMORE: I do not know. I know we have had trouble. I want to make sure that I have done everything that I can to be sure that this thing will be taken care of.

Right Hon. Mr. HOWE: Have faith.

Mr. BLACKMORE: Sometimes it takes more than faith.

By Mr. McCullough (Moose Mountain):

Q. In the early part of the spring season there was an indication that in connection with American box cars in Canada versus Canadian box cars in the United States that there was a discrepancy of around 14,000. Can you give the committee the reason for that?—A. Yes, the reason for that is that in the closed season of navigation our paper mills which cannot use lake transportation use a great many boxcars for the transportation of paper out of there. The situation on the American railroads was such that their out of condition cars were so heavy that they just simply kept our cars. I did everything I could to get them back but my powers are limited in that. I cannot tell the New York Central or the Pennsylvania Railroad that they must return Canadian cars to our railways; I can make representations to the railway here in this country and say: "Are you doing everything you can with the A.A.R., the American Association of Railroads—which is the body they deal with—to get these cars?" That situation does not exist at this time. I was working on it. I never ceased my efforts to try and get those cars back. Let me tell you what the situation is today—

Q. May I ask you a question before you go ahead with your explanation?—A. Yes, go ahead.

Q. These cars are mainly loaded with pulp, I understand?—A. Mostly paper, sir.

Q. Were they long delayed in being unloaded or was there a quick move of unloading and returning?—A. There was not a quick movement and return. The American railroads kept them because they were short of boxcars on their line and their excuse was that we had a lot of open top cars here in this country. These railways work on a question of balance as between the cars in the United States and the cars here in all types of cars. We are short at times of open top cars here. Let me tell you what the situation is, now. I asked the Canadian Pacific for it the other day because I thought probably the question would come up. I have a report from both railways here. The Canadian Pacific says the Canadian Pacific boxes on United States lines are 9,424. The United States boxes on the Canadian Pacific line are 5,347. That is a debit of 4,077. The Canadian Pacific Railway open tops on United States lines—those are gondola cars—you are familiar with them, 562; the United States open tops on the Canadian Pacific line 3,878 or a credit to the American railroads of 3,316 against a debit of 4,077. In other words, there was a pretty close adjustment as between the American cars here and cars we had on the other side.

Q. What was the last date for the figures?—A. The last date that I have on that is July 3rd and this is also July 3rd in connection with the Canadian National—10,900 Canadian National boxes in the United States, 8,300 United

States boxcars and 9,400 United States open tops on the Canadian side. The over-all balance of all types of freight cars indicates that the Canadian National Railway has approximately 6,800 more United States cars on Canadian roads than Canadian National has of all types on United States roads.

By Mr. Argue:

Q. Have you those figures for last fall with you here?—A. I can tell you what they were from memory because I worked on it all the time. We had a debit of Canadian boxes of 7,500 to 8,000 cars which remained there for quite a long time and we could not get them back. The representatives of both roads went down and in fact it went higher than that at one time, Mr. Argue, but I am talking about averages. There was a period when we had a higher amount but I would say that was about the average there was at that time.

By Mr. McCullough (Moose Mountain):

Q. During that period, was the boxcar shortage partly the reason for delayed deliveries?—A. No, it was not. It was not at a time when it was very essential.

The CHAIRMAN: Any more questions?

By Mr. Nicholson:

Q. Mr. Chairman, some of the Liberals may want to take part. We have taken some time. These matters are quite important to us but if there are not any more Liberals who want to speak at the moment I would like to pursue a question re the Interprovincial Farm Union. The Interprovincial Farm Union Council when they were here had this to say in connection with boxcar distribution:

Farmers would like a workable basis established to enable them to deliver grain to the elevator of their choice. Accordingly, provision would be required in the Canada Grain Act whereby they may state their delivery preference in filling out their delivery permit at the elevator of their choice. The Wheat Board in turn shall be authorized to determine an annual cycle of car distribution according to the amount of bushels listed for each elevator in permit books.

—A. You know that is a government matter, Mr. Nicholson; I have nothing to do with that.

Q. I was coming to that. The Minister of Transport informed the house that you, as Transport Controller, did have the authority and my understanding was that you admitted you had it but you declined to use it. As I pointed out this morning, this is a matter of very real concern. I am aware of the fact that people like Mr. Gour dislike hearing me but I am sent here to represent my people.

Mr. GOUR (*Russell*): He has answered that question ten times.

By Mr. Nicholson:

Q. I submit, Mr. Chairman, until you call me to order that members like the member who has spoken have no right to indicate the sort of comments they have made here. I realize that these are tough problems, they are not easily solved, but I think it is annoying to have the buck passed from the Wheat Board to the Transport Controller to the railways and back and forth without someone along the line taking responsibility.—A. Mr. Nicholson, would you suggest now would you say that all the ills of western Canada should

be thrown on the shoulders of the Transport Controller, that I do not know what I am doing, that I am a poor administrator of the job I have undertaken—that is what you would suggest?

Q. I posed a problem this morning after you had indicated that you had not had any complaints of this sort. Nearly every wheat pool shipping point in the province of Saskatchewan has this sort of problem and if you would say that it is the railway, the Canadian National that is responsible for the fact that at one shipping point one elevator has been plugged for two weeks and the two other elevators have 30,000 bushels of space between them—now, somebody is responsible over the past weeks and months for a situation developing where you have 30,000 space in two elevators and another elevator plugged?—A. Mr. Nicholson, you know what would happen in a case of that kind. A report of that would go to the railways from the Canadian Wheat Board which would indicate that there was 60,000 bushels of space at the point and there was no necessity for putting boxcars into the point and from that point no cars would go in there. You know that is the case.

Q. As long as you deliver one boxcar to each of the elevators because there are three elevators there.—A. When did that situation ever occur?

Q. That is the situation the wheat pool has been complaining about.—A. At what time?

Q. This morning.—A. This morning there was one car delivered to each elevator?

Q. No, as I have said my information is that there is 30,000 bushels of space available in the two elevators when the wheat pool meeting was held a week ago.—A. That means there are 60,000 space available for the farmers at that point to deliver grain.

Q. There is 30,000.—A. All right, call it 30,000.

Q. There are two elevators that have available between them 30,000 and the pool elevator has been plugged for two weeks and cannot get cars, and the next four points all have 7 bushel quota. Now, somebody must have the responsibility for deciding—

Mr. QUELCH: The committee.

By Mr. Nicholson:

Q. I was not on the committee before but Mr. Quelch says then this committee did not reach a decision but the Minister of Transport said that you have the authority to deal with this sort of situation.—A. Do you think I have? Is there any member in this room who thinks I have because if there is I would like to dissipate it. Let us settle it. There is no use going on with this kind of thing. If anybody in this room thinks I have the authority to distribute cars as between companies at a station I will deal with that subject. Let us clean it up. I do not want the thing left hanging.

Q. Your minister apparently thinks so?—A. That may be, I do not know what he said but I doubt very much if he made that statement.

Right Hon. Mr. HOWE: May I interject here one minute? You are enunciating what you profess to be a settled decision that that is the way cars are going to be distributed. Now, this was discussed by this committee and we heard witnesses on it a year ago and decided to recommend quite a different system of distribution. Mr. Argue has had a bill before parliament each year for the last five years, the same bill and four times it has been defeated. Now, why do you tell the Transport Controller that that is decided because it was not? It was not the government's decision or anybody else's decision that the distribution should take place on that basis. You are starting a political argument now as to what the decision of parliament ought to be and the decision of this committee ought to be.

Mr. NICHOLSON: I am saying somebody is making the decision.

Right Hon. Mr. HOWE: The decision is the decision that was arrived at, recommended by this committee and this committee recommended that distribution be made on the basis of the orders outstanding at the point.

Mr. TUCKER: That was carried unanimously, Mr. Minister.

Right Hon. Mr. HOWE: The unanimous decision of the committee was that that is the way cars were to be distributed. Later on, there was a pool committee made up of the vice presidents of the three pools to look after this matter and they came to me and said: "It is working fairly well but there is one flaw in it and that is the elevators have no way of knowing how many orders are outstanding that day." I said "All right, we will fix that". I consulted with the Transport Controller and he put out the information so that the information would be available each morning to the elevator operators so everybody knows the orders outstanding. People have to lay their orders on the desk and so the railways see that those actually are the orders outstanding.

One the distribution of the boxcars at the points is fixed by the recommendation of this committee, there is no discretion left to the Transport Controller, no discretion left to any one and that is what happens. When you talk about one order, one elevator, that is not the method at all. It is not the way they are distributed.

Mr. ARGUE: Mr. Chairman, I would like to make a few comments on the minister's statement. The minister has said that it was a recommendation of this committee. Correct. It was taken into the House of Commons and we in this group moved an amendment asking that another method be used.

Right Hon. Mr. HOWE: Did the amendment carry?

Mr. ARGUE: The amendment was defeated.

Right Hon. Mr. HOWE: That is water over the dam.

The CHAIRMAN: Mr. Argue, if I may, did you say there was an amendment moved to the house?

Mr. ARGUE: Not to the report. I believe it was to the bill but there was an amendment on this subject.

The CHAIRMAN: No, I am sorry. I might explain the situation that happened last year.

Mr. ARGUE: Mr. Chairman, I think I have the floor and should be allowed to continue.

The CHAIRMAN: I am sorry, I do not want to deprive you of your right of speaking. I just want to interject here as chairman what happened last year. You will recall, and bear me out I am sure, we passed this recommendation and it was submitted to the house and that is as far as we have gone as a committee and then the minister took it from there and put it into practice.

Mr. ARGUE: And then I moved an amendment at another stage, at another debate, an amendment to the motion moved by the member for Rosthern rather than follow out the principles which had been suggested by the motion and which you are referring to that it be done on the basis of the farmer's own choice.

I want to point this out, that the farmers' organizations in western Canada never asked for the thing that this committee adopted. They never supported it at the time and they do not support it today. They are holding meetings all over western Canada now complaining about the method that is being used. They are against it. It may have been some slight improvement over the previous method but the farm organizations, contrary to what the minister

has said, are against the provision and the method that is being used and I do not have to go any further than the evidence given to this committee already this year by Ben Plumer, chairman of the Alberta pool who made a trip to Ottawa and came to see this committee to put before this committee the position of the membership of the Alberta Wheat Pool in regard to this very question, and his resolution showed that they are opposed to the method now used, and his resolution or statement reads as follows:

The Committee on Agriculture and Colonization,
House of Commons.

Gentlemen:

The delegates of Alberta Wheat Pool have instructed the board and management of the pool to "work without ceasing" until farmers generally are furnished with means by which they may indicate a preference as between the elevators at their shipping point to which they prefer to deliver grain; and further, that when railway cars are supplied for shipment of grain at the point, they be supplied to the elevators in the proportions chosen by the farmers.

Ben Plumer, Chairman,
Alberta Wheat Pool.

Calgary, Alberta.
June 29th, 1956.

Surely that is asking this parliament and this committee for a very democratic right, something which I think should be a fundamental right, that farmers should have an opportunity to do business with the firm of their choice, and that no allocation of box cars should be used as a method of preventing this being done. There is only one way of using a formula for the distribution of box cars in order to see that this kind of thing is carried out and that is embodied in the terms of this recommendation from the Alberta Wheat Pool, and that is to allow the farmers themselves to indicate where they wish to deliver their grain and then have the cars allocated on that basis.

Right Hon. Mr. HOWE: The point I was making, I am sure you understand. Mr. Nicholson attempted to blame the Transport Controller for not having the method you advocate, and I simply pointed out that the committee last year was unanimous in the method which is being followed today.

Mr. ARGUE: And Mr. Nicholson in addition was pointing out that in the Transport Controller's Act there was sufficient authority now to carry out the policy that the farm organizations are asking.

Right Hon. Mr. HOWE: There was sufficient authority in the act to carry out the recommendations of this committee last year, and I presume there is still authority to carry out any instructions of the committee.

Mr. ARGUE: Yes, and I am just as sure from any information I have today that the minister is going to oppose their proposition.

Right Hon. Mr. HOWE: You have no right to say that at all. I did not oppose the recommendation of the committee last year; on the other hand I implemented it in spite of the fact that it was not approved in the house. The only objection to the method you have got is that there is no one yet, including Mr. Argue, who has been able to draft a law on this subject which can receive general approval. Even with your pools, your pools have never submitted to me legislation that they wanted to have drafted. They promised to do so, but they never have. I have always said that if you cannot draft it, then how can we pass it?

The CHAIRMAN: May I make a suggestion that we try to finish with the cross-examination of the witness and then turn him free to go back to his duties, and then get on with this general policy discussion.

Mr. ARGUE: Are you agreeing that we shall have full opportunity?

The CHAIRMAN: Oh definitely!

Mr. ARGUE: To discuss this very difficult problem?

The CHAIRMAN: Oh yes, but let us finish with the cross-examination of the witness first.

Mr. ARGUE: Mr. Milner has carried out the recommendations of this committee because the government said to him that was the thing we want you to do; and if the minister wants to have any other formula, it is just as easy to bring in another formula; he can do it by just whispering across the table.

Right Hon. Mr. Howe: Thank you for your permission!

By Mr. Argue:

Q. You said, Mr. Milner, that there was a number of box cars at one time down in the United States last fall in an excessive number. Do you know whether those box cars were earning more money by being down in the United States than they would have earned if they had been in Canada?—A. I am not going to give you a definite figure, and do not hold me to it, but the rental which the United States roads pay for Canadian box cars is a very small amount and I think it is based upon depreciation, based on a number of years over the expected life of a box car, but it is a very small amount. I think it is less than \$5 per day.

Right Hon. Mr. Howe: It is \$1 per day.

The WITNESS: No, \$2.49.

Mr. ARGUE: Generally speaking, is it correct?

The WITNESS: Yes, I do not know exactly what it is. I think it is less than \$5, but I cannot swear to that.

By Mr. Argue:

Q. Is it correct that the rates which are payable for the movement of grain in Canada are generally speaking relatively low rates, the Crow's Nest pass rates?—A. Compared to rates in the United States, much lower!

Q. All right. Would you say that those rates are lower than the alternative uses to which such box cars could be put?—A. I will answer you in this way: that in transportation the railways are very jealous of one aspect of their work and it is the ton mileage chart and the length of time that their equipment is under load, how long does it take them to get loaded and to get to the destination and get unloaded and have the car back in use again. You can get certain commodities in railway cars which might run at a higher rate than grain, but which would take longer to load and a lot longer to unload. Thus it would be more profitable for the railway in that instance to be hauling grain than it would to be hauling other commodities based on the assumption and the formula used as to the earnings of their equipment.

Q. From your knowledge of the railway business which is quite extensive, would you say generally speaking that railway box cars being used for drawing this grain, on the average return a higher rate? I have read some of Mr. Mather's statements on the question.—A. Do not ask me ahead of time because I am not going to become involved in it to that extent; I am charged under this act with the handling of certain bulk commodities which are defined, and which are the commodities as set out there. I have a great many permissive powers and powers which are obligatory upon me, but I have not concerned myself with an examination of the earnings of railway box cars and the handling of other commodities and I cannot speak with authority with

respect to that matter. I have never seen a disposition on the part of the railways to refuse to do what I asked them to do in the hauling of grain. That is all I can answer you in that regard.

Q. You said in answer to Mr. Mang that the railway companies were using some of their box cars for hauling other higher class revenue because it would pay better, or it was a greater paying proposition. Isn't that so?—A. I must have been in my sleep!

Q. Would you say that the railways have always cooperated with you to the fullest possible extent?—A. Except for the matter I have told you about and quite frankly too.

Q. You mean from March 15 to April 30 of this year with regard to the Canadian Pacific Railway; but it is true, is it not, that the Canadian Pacific Railway last fall and even up until March 1st have hauled out less grain or provided fewer box cars to their points than the other railway?—A. That is correct, because their job was—you imagined that from the question of quota. I do not know that it was true that they have hauled less box cars unless I went back and looked up the figures. Could you give me a date?

Q. I was thinking of the general fall situation.—A. Give me any date you like and I will see.

Q. You pick some dates.—A. You are asking the questions.

Q. I would say from August 1st to March 1st.—A. August 1st to March 1st, I can give you that.

Q. Yes.—A. I can give you that. August 1st to March 1st the Canadian Pacific Railway had hauled 70,620 cars from country points, and the Canadian National Railway had hauled 67,602.

Mr. NICHOLSON: And the previous year for the corresponding period.

By Mr. Argue:

Q. Yes. How does that compare with the previous year?—A. The previous year the C.P.R. had hauled 86,000 box cars and the C.N.R. had hauled 75,000 box cars.

Q. You have said that the railways are able to supply box cars only when there is the kind and quantity of grain that is in demand?—A. Will you repeat that please?

Q. You have said that the railways can spot box cars at various marketing points to load only the kinds and grades of grain that there is a demand for, and that the Wheat Board has called out?—A. That is right. Mr. Argue, there is a preference sheet and I am sure you have seen them, that goes out to the elevator companies every day—not every day, but it is in effect always. In that preference shipping order, which is issued to all companies, it lists the preferences that shall be used in the loading of grain.

By Mr. Blackmore:

Q. Do you mean to all agents, not "companies"?—A. Agents everywhere.

Q. Not companies?—A. Companies who then transmit their reports to agents.

Q. You mean railway companies?—A. No. From the Wheat Board to the grain companies, and the grain companies in turn advise their country elevator agents. Those are preference lists; you have seen them, I know.

Q. Yes. You have said that it is your hope, at any rate, that the railways will spot a larger number of box cars from now to the end of the crop year and then on into the new crop year at those points where marketing quotas are low?—A. Where they have been badly serviced.

Q. Where few box cars have been spotted in the past. But, you also told us that the supply of box cars, and the allocation of them depends on these orders?—A. That is right.

Q. How can there be any greater hope,—and I hope there is,—but how can there be any greater hope in these areas of a better deal in box car allocation if it is going to be tied to your first statement which says that they must be orders of certain preference?—A. Because the orders for preference have to do with the shipments which are up until the end of July and the first 15 days of August. Subsequent to that time there is not a great deal of grain sold for forward commitments. I think you will agree with that, Mr. Minister.

Right Hon. Mr. HOWE: Yes.

The WITNESS: I do not know yet, nor does the Wheat Board know yet what grades are going to be in demand for that period. Now, I think it would be perfectly reasonable for the Wheat Board—and I will discuss it with Mr. McIvor when I go back—the idea of giving some preference to those points which have had bad car service up until the end of July, to see if we can help them out and even them up with the rest of the points in western Canada.

Right Hon. Mr. HOWE: We can take the grain away to the elevators, even if we have to leave it there. We can do that at the end of the season where we cannot do it at the beginning of the season.

By Mr. Argue:

Q. I am glad to hear that; I hope it is carried out. I hope you will be able to carry it out. Why was not that kind of thing done last fall? I know there was a certain period of six weeks when you said it was the C.P.R.'s fault during that period.—A. What are you talking about now?

Q. March 5 to April 30.—A. Oh, yes, yes.

Q. But, I do not think this difference in marketing quotas came about only in March and April.—A. I know; I told you Mr.—

Q. Why last year could it not have been possible, if it is possible this year to do the same kind of thing to equalize your quotas?

Right Hon. Mr. HOWE: Last year we were still working on the previous year's quotas.

The WITNESS: And you know, Mr. Argue, a great many of those cars came out of your territory out there?

By Mr. Argue:

Q. Yes, because last fall they were just as far behind, probably, as they now are. It was a cumulative thing.—A. That is right, I told you that some time ago.

Q. All right. Then, if you were not able to provide them with a much greater, far greater number of box cars this last fall than last fall, you may have difficulty in accomplishing it this fall?—A. Mr. Argue, will you believe me that I am fully aware of the situation? You know that I am, and I will do my utmost to see that that territory gets a fair shake on box cars. More than that I cannot say. Nothing you have ever asked me to do with regard to box cars—I have never let you down, nor any man in this room.

Q. I have never asked you specifically, or personally— —A. Oh, yes—

Q. Let me finish. In respect to an area as big as this. When I went to you before, it was Smithville or Jonesville or some other town.—A. You always got service, did you not?

Right Hon. Mr. HOWE: You do better when you keep to the small areas.

Mr. ARGUE: The minister sometimes does worse when he gets to the bigger areas.

The CHAIRMAN: Any other questions?

By Mr. Cardiff:

Q. Yes, I would like to ask Mr. Milner a question. I wonder if you could suggest to the Wheat Board when you are talking to them—I do not know what good this low grade wheat is doing stored up in these elevators in the west, but if they could quote that wheat at a price we could pay in the east we would feed a lot more of it and get rid of it, and make room for a lot more that is piled outside.—A. I will give Mr. McIvor a copy of the proceedings, and I can draw that to his attention.

By Mr. Pommer:

Q. I thought there was not very much wheat left in the elevators?—A. Enough for the odd car yet.

Q. But the amount is very small?—A. Yes.

The CHAIRMAN: Any other questions?

By Mr. Johnson (Kindersley):

Q. Mr. Milner mentioned an instruction of this committee some time in the past in respect that he had to weigh over the terminals each 22-month period, was it?—A. Yes, a period of not greater than 22 months.

Q. A period not greater than 22 months. Is that the largest factor that contributed to the space which was available in the terminals late last year and early this spring?—A. That together with the fact that we had a very big movement out of the lakehead, as you know, at the close of navigation, on account of filling winter storage cargoes. It was a combination of the factors there, Mr. Johnston. As I pointed out to you, it was both desirable and necessary. It was desirable because it gave the Wheat Board an opportunity to decide what grades it wanted to put in there. I think it is a very good thing. As you notice today, I tried my best, on the lake shipping to keep the stock in the terminals just under 60 million bushels, and it is going along so that we can unload 1,100 cars and get a quick turnaround of equipment. I do not think we could do better.

Q. You keep them to what you consider a workable capacity until the fall and then you fill them up?—A. That is right.

By Mr. Nicholson:

Q. I do not know whether Mr. Milner was here yesterday when we were discussing Churchill in the morning.—A. I was.

Q. I wonder if he would care to make some comment about the possibilities of increasing shipments through there? I noticed in his report that we shipped 15 million through Halifax; 20 million through Saint John; and through Vancouver 91 million. I notice that the shipments through Churchill had doubled in the last few years, arriving at a five-year average of 7.8. Last year the shipment was 12 million, this year Mr. McIvor said it would be about 15 million. Two years ago it was 10 million. It has doubled in the last few years.

My information was that there would not be any problem about moving at least 30 million through there.—A. Where do you get that information?

Right Hon. Mr. HOWE: Tell us. That port was designed for a capacity of 20 million bushels. We have never been able to reach it, but I hope I live long enough so that I see it, in order to justify my faith in designing the port.

By Mr. Nicholson:

Q. I realize that getting grain in and out of Churchill is not the same as ordering a taxi in Ottawa. I went over on a tramp ship from Churchill, and we had a cargo of grain bought by a milling company. We did not know, until we were 48 hours off Land's End, our destination. It was simply to the United Kingdom. It so happened it went to London, but that delayed the ship at least 48 hours. They did not know until they were off Land's End whether they were going to Liverpool or London, so they were held up with their shipment. But, as far as the ships are concerned, they do not worry about the hazards. The captain on this ship had been in over a year, and he did not intend to worry about it.

You said this morning that you had 28 days last year—25 days without any ships in.—A. No, I did not. I said six ships arrived in 25 days, leaving 19 days in which no ships arrived.

Q. Very well, 19 days. It seems to me that if we had sold 30 million bushels of grain for delivery out of Churchill well in advance, and these ships would undertake to get in and get out some time within the beginning and the ending of the shipping season, that the facilities we now have at Churchill and the C.N.R. could move that 30 million bushels in there. It could be handled in the elevators and loaded in the ships during that time.—A. Mr. Nicholson, it is unfortunate, I guess, that I have handled terminal elevators and one thing and another. Sometimes I think perhaps it would be better if I did not know so much about this business. But, it is quite improper for you to say that you could put 30 million bushels through there. It simply will not go through that elevator with the additional storage as well. You have such things to consider as the berthing of vessels; you have to consider the arrival of vessels, the cleaning capacity of the elevator, the number of belts that will serve a boat and all the difficulties of shipping through that port. Every year since I have been transport controller, there has not been one year when we have not increased shipment out of the port of Churchill. That has nothing to do with me and I am not trying to take credit for it but I have watched this thing grow and I think if you get it up around 15 million bushels or 17 million bushels you have absolutely reached your limit with the facilities you have there.

Q. But they were telling us once that 10 million bushels would be the limit.

Right Hon. Mr. HOWE: No, we have never said 10 million bushels. We have always said 20 million.

The WITNESS: Well, I have apparently cut the minister down to 17 million bushels—with any assurance of getting it out.

Right Hon. Mr. HOWE: I am going to try to fool you.

The WITNESS: The worst thing that could happen for Churchill would be to have a vessel caught there in the first five days of October. That would be the way to "kill" the port and for two or three years ahead you would find the position difficult to recover. I know what the conditions are from day to day at Churchill; I know what the ice conditions are like there, and what weather conditions the ships are meeting as far away as the Greenland coast. There is not a day when a telegram does not arrive on my desk giving me this information—in fact, I have one here and perhaps members of the committee would like me to read it.

An Hon. MEMBER: Yes.

The WITNESS: I have it here:

Following messages received from the Master C.G.S. N.B. McLean dated July 5, 1956:

Number 16 stop 2000 position hove to 5 miles east of Resolution Island radio station in clear water no ice sighted on way up stop now awaiting fog clear to change personnel at Resolution station then proceeding westward stop heavy close packed ice reported all over the strait stop wind WSW force 4 overcast dense fog baro 3007 air 31 sea 34 inches.

Number 17 stop 0800 stop 0800 position hove to off Resolution Island stop wind west force 3 cloudy visibility one mile in fog temp air 33 sea 34 inches."

I am receiving such reports all the time; I am living with this problem. Do not get any ideas that you can put 30 million bushels through there this year because you cannot do it.

By Mr. Nicholson:

Q. I did not say this year. But the fact that we are asking 11 cents a bushel more on the wheat that goes out of Churchill should indicate that we are not very fussy about getting overseas customers to buy through there. The asking price is 11 cents a bushel higher?—A. It is 11 cents higher than the Fort William price.

Right Hon. Mr. HOWE: But it is a couple of cents lower than the Liverpool price.

The WITNESS: Laid down in Liverpool it is a cheaper price than if you shipped out of the St. Lawrence. How far down do you think they should put that price?

By Mr. Nicholson:

Q. That is right, but we are not encouraging the buyer. I asked yesterday what this wheat would cost in the Liverpool market, shipped via Vancouver, Fort William and Churchill.—A. Since you asked that question we have got the information for you. This comes from the Hudson Bay Route Association.

Mr. BAXTER: The figures that Mr. MacNeil gave me were based on the approximate costs for last season. I have adjusted his figures to bring them back to compare with the figures I have put on record yesterday with respect to Vancouver and the St. Lawrence ports which as you will recall were 65½ cents for St. Lawrence and 68 cents for Vancouver. Mr. MacNeil's figure was approximately 48·2 cents through Churchill. As I said yesterday Mr. MacNeil was in my office several weeks ago and he had not received the final report from the English shipping brokers as to the price prevailing for ocean cargoes this season through Churchill but his approximate estimate was that it was going to be 15 cents higher which would bring the Churchill figure up to around 63 cents per bushel.

Mr. NICHOLSON: These rates vary from year to year, but I tried to make a comparison between the freight rates through Churchill last year and the rates across the Atlantic last year, and the figures would seem to show a "spread" of about 20 cents a bushel.

Mr. BAXTER: Atlantic 65½ compared with Churchill 48·2.

Mr. NICHOLSON: That represents a sales difference of 17 cents a bushel on the basis of last year; there is a net gain to the Wheat Board of 17 cents a bushel for every bushel that went through the port of Churchill. Is that correct?

The WITNESS: No.

Right Hon. Mr. HOWE: It was nine cents last year and 11 cents this year.

The WITNESS: They give away part of that for the grain going through Churchill.

Mr. NICHOLSON: According to my information this wheat delivered in Liverpool from the Wheat Board through Scott, Saskatchewan is 65 cents via Halifax—is that correct—and 48 cents via Churchill.

The WITNESS: You are talking about last year.

Right Hon. Mr. HOWE: But you must give some of that to the mills. All this wheat out of Churchill is delivered in three usually slack months, as far as imports go, and you cannot get as high a price on wheat through Churchill as for wheat through the St. Lawrence and out of Vancouver—Vancouver in particular, because you can deliver at any month of the year; but you cannot deliver out of Churchill.

Mr. NICHOLSON: That is obvious, but there is a “spread” of 17 cents a bushel.

The WITNESS: This year they get 11 cents of that.

Mr. NICHOLSON: The board get 11 cents and the customers overseas get the six cent benefit. The ship on which I travelled reports that this is one of the most profitable runs made in the course of the year. They go all over the world and the rate they got on this cargo of wheat was entirely satisfactory for the Stag steamship company of Newcastle, England, and I am submitting that a difference of 13 cents a bushel is sizeable and I say you could ship 30 million bushels this year. I know some of the people around the elevator do not wish to be quoted but the information I got was if you could get the boats in there—

Right Hon. Mr. HOWE: If you could get two boats to arrive every day regularly you could ship more, but they do not arrive that way.

Mr. NICHOLSON: I realize that.

Right Hon. Mr. HOWE: We have had occasions, because of conditions in the Atlantic, when we have had no vessels at all arrive for several weeks, and then—

Mr. BAXTER: Once 81 boats arrived in Montreal in one day.

The CHAIRMAN: Due to storms in the Atlantic.

Mr. NICHOLSON: That is a problem which constantly arises in connection with shipping, but this “spread” of 17 cents a bushel would appear to me to warrant an increase of the storage space available and the expectation that we should continue to increase the amount of grain that can go through Churchill. Mr. Milner said that 17 million bushels is the maximum. It is not very long since people were saying that 10 million bushels—

Right Hon. Mr. HOWE: No one ever said that. I defy you to find anyone who ever said 10 million was the figure for Churchill.

Mr. NICHOLSON: It was less than 10 million for previous years.

Right Hon. Mr. HOWE: No. 20 million was always the official figure.

Mr. NICHOLSON: The figures show that was 17 million.

Right Hon. Mr. HOWE: There was a time when there was only one shipping company in the world which would ever come into Churchill. That was the old Dalgleish company. Today we have several more, but there are many that will not bring a boat in there under any circumstances.

Mr. NICHOLSON: I recall that Mr. Marler mentioned 10 million.

The CHAIRMAN: Are there any other questions?

By Mr. Argue:

Q. You said, Mr. Milner, that there are about 38,000 shipping orders which have now been placed and that they are divided into various categories and various preferences?—A. Yes.

Q. Can you give me a picture as to how they are divided?—A. No. The Canadian Wheat Board could. I cannot give it to you.

Q. Some have a preference over others?—A. Yes.

Q. Have we had outlined in the committee how that is done, generally speaking?—A. How they have a preference?

Q. Are there general orders which go out for the bulk of the grain and then some smaller specific orders?—A. Suppose we wanted to move a cargo of No. 6 wheat, which is a relatively small amount. The Canadian Wheat Board would give the railway company the list of stations and the amount and the names of the elevators who had the wheat. At this point, they have 6,000 or 12,000 bushels and they give these lists to the railway companies and say, "You will please move this grain as required for export in the order given." Then, you have another type of order which is put out, and those orders which are put out have no reference whatsoever to the apportioning of orders which are already in effect at that point. That is, they are known as out of order orders. Then you have the general shipping order. You have an order which gives preference to malting barley and then gives the preferences as a, b, c, d, and so on. It says you will ship any grain which you have in your elevator, in that order.

Q. Then, would you give me a general idea as to the proportion of outstanding orders last fall, or at any time, that would be divided into these special categories?—A. Into the one I mentioned first?

Q. All right.—A. A very small amount comparatively.

Q. How many would be usually in preference No. 1 or preference No. 2?—A. I do not know, all I see are the number of cars that are on order at these points and I do know what preference must be given in connection with shipments and then from the statement which the Wheat Board gives me every Monday and from my inspection reports and the way the cars are coming through, I keep after that type of grain of the type coming through to meet the commitment.

By Mr. McCullough (Moose Mountain):

Q. My question is probably the type which will lead to the type of answer Mr. Argue is trying to elicit from Mr. Milner. I think you said this morning there were 38,000 outstanding orders or something to that effect. I understand you have said some are more or less standard orders; others out of order, in other words, there is a precedence established?—A. Sure.

Q. Can you say what proportion?—A. I cannot at all.

Q. I am concerned for this reason, Mr. Milner, that in this area which we have been discussing at some length where we feel there has been an unfair distribution of boxcars it would look to my eyes if we are to arrive at any position whether or not there has been injustice done, whether or not you are needing these special orders and the bulk of those 38,000 are in fact in those areas where there has been what we are terming an unfair distribution of boxcars. If that is true then I would take it you are getting those orders and placing cars according to priority?—A. That is correct.

Q. If it is not true and if you have a general demand for grain out of those points, then it would seem to me that the point is well taken that there has been a responsibility not fulfilled by the railways?—A. Let me explain again. You have a preference order out today and the grain comes along under that preference to meet the commitment. When it gets along to a point where

it is met, the Wheat Board will very likely cancel that order such and such and put out an entirely different preference for those points and those 38 cars which are presently out today might show preference for No. 2 Northern and 4 wheat and that is the best opinion the Wheat Board has of the grades they are going to sell. Perhaps the business that develops is not in 2 Northern and No. 4 wheat and perhaps two months from now they will cancel the order and say to ship No. 5 wheat as first preference. But that is changing all the time subject to review by the Wheat Board as export sales are consummated. So the orders outstanding may not be preference at the time the shipment is made at all.

The CHAIRMAN: Any other questions?

By Mr. Nicholson:

Q. Mr. Chairman, I wonder if the information on this rate from Scott via Halifax can be secured, taking the rail freight from Scott to Halifax and ocean to Liverpool. Could this rate be secured?

Mr. BAXTER: The information through the Atlantic ports and Pacific port is available and in general publication in our Canadian Grain Exports and as I mentioned yesterday I have asked Mr. MacNeil to assist me wherever possible in building up a comparable set of figures for Churchill. We have the Atlantic and Pacific port information going back to 1933 but have never been able to get the comparable figures for Churchill because of the fact, as was pointed out before, that the movement in earlier years involved only a few ships and it was difficult to obtain the exact information on the cargo rates.

Now, as soon as Mr. MacNeil provides his part of the information and I am able to check it and obtain additional information from the shippers according to the data that he gives me and the insurance brokers, I will definitely supply it to this committee.

Mr. NICHOLSON: You will give the rates via Fort William and Vancouver and the rates via Halifax?

Mr. BAXTER: No, I have the St. Lawrence ports, specifically Montreal, which was taken as a basic or sample port for this study. This particular set of statistics was designed simply to give a comparative balance between the two seaport sectors as much as a factual set of information.

Mr. NICHOLSON: You ship quite a large volume from both Halifax and St. John. You can secure the rates to both of these ports?

Mr. BAXTER: Yes.

By Mr. McCullough (Moose Mountain):

Q. Mr. Chairman, in view of what Mr. Milner said in answer to my question, I would understand that there must be a great number of orders that are rescinded, in other words, you have a change at the various points in respect of the types of orders, is that true?—A. That is correct, but the number does not change, Mr. McCullough. If you put 50 orders at the point the 50 would still stay there, but they would indicate a different order of preference.

Q. You are speaking of specific elevator points?—A. Yes, these 38,000 orders may be in a certain preference today and you have several orders preference 1, 2, A, B, C and D, and next week the Wheat Board may decide that is not the preference they want, that they have had sufficient of that type of stuff and they will change the preference of those orders. But those orders will not be cancelled in the company. The orders which are under preference will not be cancelled but there will be an indication of a different preference.

Mr. WESELAK: In view of the fact that Mr. Milner will not again be appearing before this committee and in view of the fact that certain charges have been made in this committee, perhaps I might be permitted to place on the record the words of Mr. Ben Plumer on June 3, 1955, and I quote:

The Transport Controller has done a good job moving everything that can be moved; I will say that for him—the Transport Controller makes every effort to see that cars are kept moving and are not loaded with wheat until they can be unloaded.

And at page 363 he went on to say:

I think the board has done a good job of selling. I think my friend Mr. Milner has done a good job of moving wheat, among many other things. So I am willing to offer the compliments of the Alberta farmers to these men who are operating under the jurisdiction of my friend Mr. C. D. Howe who is here and who is a friend of thirty years' standing.

I think placing it on the record indicates that the feeling of the western people was not properly expressed.

By Mr. Bryce:

Q. May I ask, Mr. Milner, if you can tell me if the insurance rates at Port Churchill have been changed, say, two or three years ago?—A. That situation is always under review. There was a man came up here and I have been accused of not being in favour of the Churchill route and that is perfectly ridiculous; I would like to see a lot of grain go through Churchill—and I will do everything I can to facilitate it. This man came out, Sir Cedric something—I have forgotten his name—and he was going up there to make a survey of the conditions and it shows how rates are changed. I arranged with the minister to get a plane to take him up there because it was on this matter of the change of rates, and we got him up there and I think it was the only day in six weeks that was a nice, bright, sunshiny day, and he had his picture taken with his coats off and sent it back, and the rates were reduced. That was the last reduction I know of in those rates. There is no problem in shipping grain out of Churchill. I don't think there is any great deterrent to shipping grain out of Churchill, but I do suggest and I repeat that if you ship past about the 5th of October I do not like to see too many boats scheduled to leave that port after the 5th of October because I am just afraid you will spoil all you have done in the past. I think if you got a vessel frozen in it will spoil all that has gone before.

Q. After the 1st of October is there an increased insurance rate?—A. Not until after the 10th.

Mr. McCULLOUGH (*Moose Mountain*): I do not think that there has been any argument on behalf of our group in this committee trying to suggest that we play hazard with the weather in shipping out grain from Churchill. I think most of us have been up there and have spoken to people up there. I have had the pleasure of going up there, I know the situation, I know the harbour—I don't pretend to be an expert, but I know full well that these people tell us we can have an increase in storage space, increased harbour facilities and indeed the government has already undertaken that responsibility. So what we are saying is that in view of the fact that Mr. McIvor told us the other day that there is lots of grain we can move through that port available within reasonable distances of the elevator and the fact the harbour port is there and in view of the experience of shipping out of that port and the fact that it is about 1,000 miles closer than lakehead or Montreal, I think moves should be taken to extend the utilization of that port. That is all we are saying. I have belonged to the Hudson Bay Route Association for a number

of years and we have been up against, I think, eastern interests in respect of that port and I think the fight over the years has indicated that it is a good port for shipping out western wheat, Saskatchewan wheat, and we favour it, and I feel for the producers of Saskatchewan, in that area, that this government and indeed any authority or anyone who might have some authority would use their good auspices in order to increase it.

By Mr. Quelch:

Q. Are the ships hauling wheat out of Churchill hauling freight only one way?—A. No, there is some inbound cargo but it is not very heavy. I think it is mostly curling stones and Scotch whisky.

Mr. BRYCE: Both are very potent!

By Mr. Argue:

Q. You said to us a few minutes ago that there are always a number of shipping orders at a given point and that as the preference changes one is switched for the other so that at every point there remains a reasonable amount of shipping orders. When box cars are brought into a given shipping point they are allocated in general conformity to the preference in those orders. What knowledge do the people who operate the railways have, such as the station agents, of the shipping orders which have been allocated?—A. You mean the superintendent of the railway?

Q. Yes, or the railway men themselves, for example those operating the trains, such as the dispatchers and so on?—A. Well, in the ordinary way of course the car service department instructs the conductor of the train to let off so many cars at this or that point and so on; and when the cars are let off at that point the station agent allocates those cars in accordance with the formula which you know exists.

Q. What does the man who sends out the train with the box cars know, if anything, about the shipping orders?—A. He could know from the dispatcher—no, not about the shipping orders, no; he knows how many cars he has got to let off at that point.

Q. Who told him to let off so many cars?—A. The car dispatcher.

Q. What information does the car dispatcher have? Does he just have the total number of shipping orders at a given point?—A. That is all. He knows that he is supposed to place 6 cars or 4 cars or 5 cars here or there or whatever it may be.

Q. So the man who is in charge of sending out the cars knows that within his territory at the railway points there are orders, let us say, for 50 cars?—A. No, he does not know. That comes from the superintendent's office. The superintendent knows from the sheets which are supplied to him by the Wheat Board.

Q. The superintendent knows the total number of orders?—A. That is right.

Q. Is he supplied with that information?—A. Yes, every week.

Q. And as to the various preferences?—A. No, he is not; he is not supplied with the various preferences at each point, but he is supplied with the requirements at each point. You have seen those sheets. I have had them in your office.

Q. They show the total number of car orders for that particular point?—A. That is right; and I may talk to the superintendent and say "this branch line looks to be neglected; why not put some cars in there?", and the cars go in there; they go into those particular points according to the superintendent's order where the need seems to be the greatest. It is not perfect; it is not

100 per cent, as you know; I am not trying to claim that it is, but by and large those are the instructions, that they go into those points where the need seems to be the greatest.

Q. The need being the need of the farmers there?—A. Well, grain in relation to the farmers, that is right, but with no relationship to the orders that are there at that time.

Q. Will you please explain this to me: you said that the Wheat Board set certain preferences?—A. Yes.

Q. But you are not able in a certain area to allocate box cars, because as those cars come into the area there are all kinds and types of grain in demand?—A. Mr. McIvor told you that.

Q. Yes, and we were told that by and large the total number of shipping orders at a given point seemed to be constant, there is always a fair number of them, but that the superintendent is not acquainted with the various types of grain for which there is a preference.—A. That is right.

Q. Now, if the picture that the railway has is that at a number of points they need a number of box cars, that is it. How then, do you square that with Mr. McIvor's statement, let us say, that the reason certain areas are short of cars is because they have not the type of grain? After all, the railway companies control all the box cars, and have seen that there are a certain number of orders at certain points and have brought in the box cars.—A. By this way; when I am discussing with the Wheat Board what they want to have moved, I say, "Where will we go and get this stuff", and they say, "You will go up into that area, up there". From that information we go into that area and get that grain.

Q. How do you go in?—A. By simply telling the railways that those are the lines we want them to go on. The orders are in there for it, and the dispatcher sends the cars into those points, and then it is shipped by preference as ordered by the Wheat Board. I have to find out from the Wheat Board, as you can understand, Mr. Argue. I have no knowledge of the grades in all those various points. I must rely on the clerks of the Wheat Board, the officers of the Wheat Board, if you will, as to the type of grade they wish to have moved. For instance, there is no use my going down to your country for 5 wheat.

Q. Not any more.—A. There was not any there to speak of.

Q. There was not much of anything.—A. You can understand what I mean.

By Mr. Weselak:

Q. Have the individual grain companies any discretion as to where the cars go?—A. The individual grain companies?

Q. Yes.—A. They have no discretion whatsoever. Only to this extent, that they have put the orders in, and in the ordinary course of events the railways will follow the orders that are in existence. They do it in respect to every other commodity.

There is a little of a tendency—I might as well get it off my chest—there is a little tendency now that all the company does is put the orders in and they cry on my shoulder until they get the cars. They have lost all the initiative that they used to have in respect to hounding the railway companies in order to get the cars they need.

I do not know of any other commodity other than grain, where, when a person puts an order in for a car—take coal; take lumber; take any other commodity you like, that the traffic man of the organization does not keep pounding the railway on the back until they get the cars. But, they do not do it at all. They just fold their hands across their chests and yell about the transport controller. It is getting a little tiresome.

Q. When they fold their hands across their chests and yell at the transport controller, do they phone you up, or send you wires?—A. I have a hundred—I was going to say a hundred a day, but perhaps that is a little exaggerated, but I have a great many a day. Further than that, they will go—you take your organization, Saskpool, I think they go further than that. They get their travellers to go along the line and get the agents to wire me. I get them all in the order of points. When I see them coming I can tell you the point I am going to get the next wire from.

Q. Maybe they have been out having some meetings.

The CHAIRMAN: Any more questions of the witness?

By Mr. Argue:

Q. On what Mr. Milner said with respect to the grain companies having lost their initiative as far as— —A. I did not want to create that impression. What I say is—

Q. You said everybody else is pounding the railways, and those people are not?—A. Yes.

Q. I was in the wheat pool office in Regina a few months ago, and the person to whom I was speaking said that he had been pounding the railway companies for years in his area, and he said he was getting no satisfaction at all. He said it used to be, not so many months or years ago, that you would phone up and get some satisfaction; now it is just a deaf ear.—A. In my years in the grain business, Mr. Argue, which were many, starting in 1909, I never asked anybody to help me get cars for points that I operated from—and I had over 400 of them. I could always get some one in the railway to get boxcars.

The CHAIRMAN: Any more questions?

By Mr. Quelch:

Q. Are the points with the heavy incoming freight in a better position than those without? In other words, do the people in those districts get a chance to load those cars out?—A. I do not think so, Mr. Quelch, inasmuch as the cars have got to go into every point. I do not think so.

Q. I have often had that charge made, that the reason certain points have a higher quota is because they are getting more cars in with freight.

By Mr. Argue:

Q. Would you tell me, Mr. Milner, the position of the Canada Grain Act and the car order book now? You as transport controller know that you have discontinued it at times in the past. Where is it now?—A. The position of the car order book is this: you remember there was an amendment to the act at one time which let the grain companies order the cars. You remember that. We used to call it "the old Ramsay amendment" in the old days, whereby if a farmer put his name on the car order book, then he delivered his grain to the elevator company, the elevator company bought the grain from him, a right which was inherent in the producer, and that car was transferred to the elevator company, and he could ship it. Now the Department of Justice has said that because the grain belongs to the Canadian Wheat Board, that the company cannot use that application for their own purposes, unless the Wheat Board were willing to appoint each one of those agents—you can tell me how to do this, Mr. Tucker—but they would have to appoint him as a deputy to act for them at the different individual points. So the car order book was not operative after that recent ruling.

Q. It is not operative now at all?—A. We very seldom see it. It has been put in in some places where a man has a whole car load of grain that he can deliver into a special bin. As far as the Grain Act is concerned, and

as far as the Board that I am on is concerned, we will see that the provisions of the Canada Grain Act are adhered to. If the man will retain the ownership of the grain in a special bin of the elevator he has a perfect right to ask for a car and that car would be granted.

Q. The trouble is of course that he cannot get the grain, probably, into a special bin.—A. That is right, on account of the quota, too.

Q. There is one other question I would like to raise Mr. Milner. It has to do with the operation of the car order book and its discontinuance, and the matter was raised by the representatives of the Interprovincial Farm Union Council. Mr. Nicholson referred to one case; I am not going to refer to that, but to the other.

I have read the case through rather carefully as it is set forth in this document and it seems to me that the farmer concerned, Mr. Miller, had a legitimate reason to complain, and I am wondering why the station agent discontinued the use of the car order book. As it states here I gather that the elevator agent, when Mr. Miller had a cancelled application—A. Mr. Argue, you and I do not agree but I do think you are inclined to be fair at times. That Miller case was this; all the elevator agents at the points—and, remember, that Mr. Miller was secretary of the pool—held a meeting and decided that their agent, together with the rest of the agents at the points, because the car order book was not operating, would go to the station agent and say: let us throw this car order book out of the window, it won't work. They went to the station agent and asked him to discontinue the car order book and according to the evidence which the board had, and I dealt with this case so I am familiar with it, the station agent said, and there were witnesses to corroborate this: that he asked the agent "have you the authority to speak for all the people who are on this car order book" and all the agents said "yes", so the car order book was cancelled. Now it subsequently developed that Mr. Miller came along and said that the pool agent had no right to say that he had the power to speak for him. Now I think you will agree that the station agent could only take the word of the elevator agents and when the elevator agent at each of these points said: "we can speak with authority with respect to this application for cars and we want them cancelled" I think it was a natural thing for him to cancel the order book. I do not approve of his throwing it into the stove and cheering or whatever process he went through, but I think it was a reasonable thing for him to have done. The other point is this: Mr. Miller as secretary of that meeting knew what was going on and had an opportunity at that time of going to the station agent and saying: that applies to everything but my own car. I do not think Mr. Miller would do that because it would place him in an unfortunate position. That is the case as I know it.

Q. I am not acquainted with the case except as it is set out here.—A. I have given you the facts of it, Mr. Argue.

Q. Yes. It would seem to me that the Farmers' Union people in Saskatoon must have felt that this man had a pretty good case or they would not have gone to all the trouble of having this document printed and of coming down to Ottawa.—A. I will send you the complete file on that if you will return it to me. I think you will come to the same conclusion which I did—I am sure you will.

The CHAIRMAN: Are there any further questions?

Mr. MANG: Do you know Mr. Miller?

Mr. ARGUE: No.

Mr. MANG: He is a pretty persistent man.

The WITNESS: I have nothing against Mr. Miller at all.

Mr. ARGUE: I would be glad if you would send me the file.

The WITNESS: I will send you the whole file.

The CHAIRMAN: Mr. Milner, I am very pleased to thank you for your very frank exposé of the whole transport situation, and I am sure that every member of the committee found it most interesting and beneficial. On behalf of everybody, I thank you.

Mr. MANG: Mr. Chairman, when Mr. McIvor was here we expressed our appreciation of his being with us and proved it by the way of a motion, I believe, by Dr. Pommer.

I would take much pleasure in moving a vote of thanks for the very able way that Mr. Milner and his assistant, Mr. Baxter, have given us the information which we have received. I am sure, with the information which we now have, that all of us are better equipped to go out in the country and explain the facts with respect to every phase of Mr. Milner's work and also to emphasize the wonderful work which he has done for the western farmers.

The CHAIRMAN: Hear, hear.

Mr. ARGUE: Mr. Chairman—I think I should tread rather carefully at this moment—certainly when Mr. Milner comes before this committee we find him frank and we find him well-informed, and I wish him well in the new pursuit to which he is going which I take it, at least as far as the government service is concerned, is quite a promotion. We wish him well in that work.

I realize that Mr. Milner must follow government policy, and government policy has not agreed with us in this group as far as the method of allocation of box cars is concerned. However, I shall go along in saying that we do appreciate every instance in which we have brought something to Mr. Milner's attention and when as a consequence action has been taken.

The WITNESS: Thank you.

The CHAIRMAN: Before you go, I wish to say that, personally, since you have announced that it will be the last time which you will appear before us as Transport Controller, I would hope that it would not be the last time but apparently you have made up your mind. I wish to express my personal regret, and I am sure the regret of a great many in this room, that you are leaving this very difficult and controversial post. I am sure I speak on behalf of everybody when I wish you well in whatever other enterprise you should take on in the future.

The WITNESS: I thank you, Mr. Chairman, and I thank the rest of the gentlemen on this committee. I assure you that, although there have been a lot of things said, and said for various reasons, I have not taken them personally. I think I have a lot of friends on the committee and even amongst those people who have said quite harsh things about me.

The CHAIRMAN: I realize it is 5.30 and I do not suppose that it is your wish to carry on further today. Do you wish to adjourn? May I have an expression of your wish as to when we meet again?

Mr. MANG: Not Monday.

Mr. WESELAKE: Are there any further witnesses?

The CHAIRMAN: No. I do not know exactly what will be our next order of business.

Mr. ARGUE: Could we have a meeting on Monday morning? I want, at the next meeting—if we are adjourning now—to make some general comments about a new formula for box car distribution. I will not take too long.

The CHAIRMAN: At our next meeting we may have a general discussion and then go in camera after that. I will look into the matter of holding a meeting on Monday morning.

The committee adjourned.

MONDAY,
July 9, 1956.
11 A. M.

The CHAIRMAN: Order, gentlemen. We have reached a stage now, I believe, where we are about ready to consider our report to the house. However, I understand there are some members who wish to continue with a discussion of the Board of Grain Commissioners' report. Mr. Argue?

Mr. ARGUE: Well, Mr. Chairman, I would like to see the committee consider the question of a new system of box car allocation, a thing we have been discussing before this committee for the last two or three years and upon which we have had many submissions from farm organizations and upon which submissions this committee has not yet acted.

I believe that the problem becomes more pressing and urgent all the time with the additional information we are given. It may seem to people who are not very well acquainted with the grain marketing business that the question of a system of box car allocation amongst elevator companies is rather a technical point but I do not think it is. I think that it is a very fundamental point because it reaches to the very roots of the problem and it has been doing so now for more than 50 years. I believe that it is the right of farmers and of farm organizations in the west to deliver grain to the elevator of their choice, and it is their right to have some protection under the Canada Grain Act in the marketing of their grain.

In early pioneering days the farmers of the newly formed organizations fought to get a Canada Grain Act or a law which would specify that there shall be an honest system of grading and an accurate system of docking and weighing. That was finally embodied in the Canada Grain Act, but the farm organizations found that even it was not enough. So back as far as 1902 there was placed in the Manitoba Grain Act, as it was called at that time, the forerunner of the Canada Grain Act, a provision which would allow farmers to order box cars which they subsequently would fill with their grain.

That provision became the car order book section of the present Canada Grain Act with some minor amendments, and that car order book section has remained as a very essential part of the Canada Grain Act and one which the farmers consider to be their bill of rights.

But in recent years the car order book section has been by-passed, flouted, and cancelled by the Transport Controller on a great many occasions. Recently it has been disallowed by a ruling—or a ruling has been given by “justice” which says that in their opinion it is inoperative, and the Transport Controller and the Board of Grain Commissioners agree with the ruling, so that the car order book section today is not operative, and there is no method by which the farmers can exercise the delivery of grain to the elevator of their choice.

In order to show that this is a very urgent and pressing problem, one has only to point out that Ben Plumer, president of the Alberta Wheat Pool, made a special trip to Ottawa to appear before this committee in order to read into our record a resolution passed by the rank and file of the delegates to the Alberta Wheat Pool. The Alberta Wheat Pool however does not stand alone in asking that something be done in this regard.

We had evidence given to this committee last year by Mr. J. H. Wesson, president of the Saskatchewan Wheat Pool, who suggested the type of amendment which should be brought forward but which has not been followed by the government.

I think the committee should not only consider what Mr. Wesson said as recorded at page 288 of the evidence of the committee meeting last year, as follows:

Let me say this to the committee: the pool elevator division of the Saskatchewan Wheat Pool is not just another elevator company. The

pool elevators were built by pool members to render themselves a service. The pool elevator at a local town is just as much a part of the mechanical operation to the pool member as is his tractor and combine; and to develop into a system under which the pool member can only use his facilities for only part of the time, or not at all, is just like saying to him: a system has now been set up under which you can only use your combine for half of the crop, and you are compelled to get somebody to harvest the balance.

J. H. Wesson's standing in the movement is not just as head of the Saskatchewan Wheat Pool which he is, but it stems from a very long and through experience in agriculture and in the grain business. He has the distinction of having been the first president of the Canadian Federation of Agriculture, occupying that post from 1936 to 1940. He became president of the Saskatchewan Wheat Pool in 1937 and has enjoyed the confidence of the board of directors of that organization generally ever since that date.

He led the battle in 1942 as the head of a very large delegation to Ottawa asking for an improvement at that time in the price of wheat. He has been here on a number of occasions recently to plead with the government to adopt a simple amendment to the Canada Grain Act which would allow the farmers to deliver grain to the elevator of their choice.

I am making a plea to this committee not to consider it on the basis of something for a particular farm organization or for a particular section of the grain trade, but because I think it should be a fundamental and democratic right that every Canadian should be able to enjoy, namely, to do business with the firm of his choice, and with the congestion in the grain marketing situation due to the allocation of box cars as it has been carried out, the ordinary rank and file of the farmers have never had that opportunity. The method which is being used today which is somewhat different to the method which was used two, three or four years ago. Then you had the Canada Grain Act which was used to some extent—the car order book section—and every once in a while the Transport Controller would cancel the operations of the car order book. Then it became largely, if not solely, the jurisdiction of the railway companies as to where box cars were spotted. But since that time there has been some change.

We have asked repeatedly that at every given marketing point the farmers should be allowed to indicate where they wished to do business and on the basis of their indication that box cars be allocated in that proportion. But we were told by Mr. Milner at the time that he would not have anything to do with it, that he would not make any ruling which would carry the distribution of box cars down to local points.

I point out that today we have the method which is set out in clear terms as to what proportion of box cars will be distributed at a given point so there should not be any trouble any longer in distributing box cars in a certain proportion even though that proportion would naturally be a different one than the one which is now followed.

The Wheat Board allocates orders to the elevator companies. The elevator companies allocate them having regard to their various marketing points, and after that has been done these orders are listed with the railway agents at those points. There is also a listing made of Wheat Board preferences, and on the basis of the proportion of orders that result from those studies having been undertaken, the railway companies are instructed to supply box cars in that proportion.

The argument that has been used against allowing the farmers themselves to decide in what proportion the box cars should be allocated is the suggestion that you cannot interfere with the Wheat Board calling out all kinds and

types of grain that are in demand. But I do not think there is anything incompatible in that at all. I think that after a certain proportion for distribution and allocation has been decided upon at a given point, you can still have those out of turn cars on those special orders which would in fact modify the proportion that has been established by the producers themselves. The proportion that has been decided by the producer should be the underlying rule at the time, the rule that is followed except in special exceptions; it should be the target that is set as far as allocation is concerned.

We have had evidence from Mr. Ben Plumer this year before this committee, and from him last year supporting the same proposition and I wish now to refer the committee to page 362 of last year's evidence where Mr. Plumer said this:

We do not want to make any attempt to say to which point the cars shall go outside of our cooperation with the Canadian Wheat Board in picking up the kinds or types of grades that they want which we have in store, but what we do want is to see that when the cars come to a point—that as between the houses the farmers will have some say as to where they will be spotted. So, as I said last year in front of this same committee, if the farmer drives down the line he will have some chance to decide which one of those elevators he wants to unload at.

I suggest a new method of box car allocation be established with the Wheat Board and the elevator companies and further that the rule be that which has been established by the Transport Controller, namely, that the railways themselves must spot box cars at marketing points in proportion to Wheat Board orders. That is not very much of a step to take to achieve the objective that the farm organizations have been asking for, namely, a further amendment which would say to the railway companies: "you spot box cars at marketing points with the exception of out of turn cars or special order cars." Thereby they would be allocated on the basis of a formula that has been agreed to by the farm organizations and the producers themselves at the marketing points where they have indicated what is their preference in the marketing of grain. I believe, Mr. Chairman, that this committee would be doing a service to the farm organizations if it considered such a recommendation.

Mr. QUELCH: Mr. Chairman, we in the Social Credit group have always followed the principle that the farmer should have the right to deliver his grain to the elevator of his choice and for that reason we have always supported the motion moved from time to time by the hon. member from Assiniboia in the house, but we pointed out this year that we were not certain that the exact details in that motion were the best way to accomplish that purpose. However, we supported the general principle behind the motion and I think that the hon. member from Assiniboie made it clear before he moved his motion that if it could be improved upon in some way he would be prepared to support it.

The wheat pools have taken a strong stand in favour of that principle. Mr. Argue mentioned that Mr. Plumer came down, but he did not present the details to the committee at this session. It has been argued, I know, that while it is all very well to say that we believe in the general principle of making it possible for the farmer to choose the grain elevator of his own choice, we have not at any time been shown the fairest means by which that might be accomplished.

I remember last year the Saskatchewan Wheat Pool, submitted to the members of at least the agricultural committee, and I think all the members of parliament, a proposal, by which that might be accomplished.

I think perhaps, in order to refresh the memory of members, it might be well for me to read to you the proposals made by the Saskatchewan Wheat Pool in a letter dated March 24, 1955. It also states in that letter, and I quote, "You will note that this is being issued with the approval of the three western wheat pools."

Now I want to quote the proposals outlined in that letter. It is headed "Farmers' right to deliver grain to the elevator of their choice. In order to establish a workable basis to enable farmers to deliver grain to the elevator of their choice, certain amendments would be required to the Canadian Wheat Board Act and also to the Canada Grain Act. It is suggested,—(1) That provision be inserted in the Canadian Wheat Board Act to authorize the Wheat Board to furnish yearly to the Board of Grain Commissioners, a list of growers delivering grain the previous year together with their address and seeded acreage.

(2) That provision be inserted in the Canada Grain Act to authorize the Board of Grain Commissioners to send yearly to every such grower a form to be completed and returned, stating his delivery preference; with this information the Board of Grain Commissioners to determine a cycle of car distribution for each delivery point and to notify the appropriate elevator companies and railways of such cycle.

(3) Cars ordered out of turn by the Wheat Board to be treated as part of the cycle.

(4) Cars spotted but not loaded by the elevator company to be treated as part of its cycle.

(5) All grain in store in country elevators at the time the cycle comes into operation to come under its jurisdiction.

(6) The Board of Grain Commissioners should also be authorized to make whatever regulations are required to enable the car cycle to operate successfully."

Now, some may say, "Well, it would be very hard to put that into operation. This was being submitted by a board that had had little or no experience in the handling of grain and one might push it to one side", but let us not forget that the wheat pools have had very considerable experience in western Canada in the handling of grain. As a matter of fact, the pools have been in operation since, I think it was the year 1923. As a matter of fact, the Alberta pool was before that. But, that is only intended to indicate that the pools have had very great experience in the handling of grain. When they submit a proposal of this kind to the agricultural committee, it shows that they had not anticipated any great difficulty in putting this proposal into operation. I think we will all agree that the present method is not satisfactory. I do not think for a minute that anybody would claim it is satisfactory. I am not suggesting for one minute that it would be easy to put this system into operation, but at least I think we can make an attempt to put it in. It has been asked for the farmers; the farm organizations in the west have supported the wheat pools in this request. I think it is time that this committee take a stand in favour of it.

MR. HARKNESS: Mr. Chairman, I think perhaps I should point out that not all farm organizations concerned with the handling of grain are in favour of the proposals put forward by the wheat pool and put forward by Mr. Argue from time to time. I happen to belong to the United Grain Growers Association, and deliver my grain to them, and when this matter was up last year, Mr. Brownlee the president of the United Grain Growers Association, delivered, what I thought was an extremely good brief, in which he—I am not going to go back and deal with the reasons he gave in his brief, which he put forward as being the reasons why the United Grain Growers Association were not in favour of the proposal put forward by Mr. Argue, and the other

one put forward by the wheat pools. What I am doing at the moment is merely pointing out the fact that there is a division of opinion amongst farm organizations engaged in the marketing of grain, as to whether this proposal would be practicable and to the advantage of the farmers, or not. In the opinion of the United Grain Growers Association and its membership, the proposal would be a practical one and workable in accomplishing the end in view. I think all farmers are agreed with the general principle that a farmer should be able to deliver grain to the elevator of his own choice, and under the circumstances, as far as the delivery of grain is concerned, from limited quotas, and the general difficulties in marketing which have prevailed in recent years.

As I say, there is this very considerable difference of opinion as to whether these proposals would in effect work and be practicable in enabling the maximum quality of grain to be delivered and marketed.

Mr. JOHNSON (*Kindersley*): Mr. Chairman, I think that Mr. Argue and Mr. Quelch have pointed out the problem which we, as western farmers, have been faced with, and the reference which Mr. Harkness has made does not detract in any sense from the problem, as he has just admitted.

Our problem is that of devising a workable formula to allow farmers the privilege of delivering their grain to elevators of their choice. On that basis there can be no exception. The problem is one of arriving at a formula by which this can be worked out without conflicting with the administrative difficulties which our marketing authorities have at the present time. I think if we were all in the position of travelling through western Canada and interviewing the farmers and farm organizations at the "grass roots level" there would be no difficulty in our minds as to the desirability, of the rank and file farmers, of the immediate instigation of such a policy.

I think one of the difficulties we have had in the past, in this committee, when we have been discussing the report of the Board of Grain Commissioners, and the report of the Canadian Wheat Board, is due to the geographical nature of Canada. Members from some areas are unfamiliar with the problems which we in the west are faced with. It is one of those unfortunate consequences which we have, because of the size of our dominion.

I would like to see us, at some time, go one step further and arrange, if at all possible, a visit by this committee to the areas affected in western Canada—that is, a visit by the agricultural committee to the farm areas which are so deeply concerned with the problems which we have been discussing over the past several days.

I know that the members from what I will call eastern Canada, the members from these parts of Canada which are not under the jurisdiction of the Canada Grain Act, would be only too interested in such a proposal, and I know what the outcome would be.

I find, in looking over the committee right at the present time, that we have ten members from eastern Canada, and 13 members from western Canada. I think we have now reached the position where the members from western Canada outnumber the members from eastern Canada in the discussion of this proposal, which Mr. Argue has introduced. I think we will find this: that if we, as individuals, are serious in getting the proposal, which the Saskatchewan Wheat Pool, and the Saskatchewan Farmers' Union—yes, and the other farm organizations, and I will include the U.G.G. as well—have devised as a formula to allow the farmers to deliver grain to the elevator of their choice, we would be in a position to have that project implemented at this particular meeting, by the fact, as I mentioned, that the number from western Canada, if they are responsible to the people they represent, certainly will support such a proposal.

I think we have made some ground, as has been pointed out, in knocking down some of the road blocks. I think the government is vested with the

responsibility of instituting the actual mechanics of the scheme if we as a committee are prepared to indicate to them the desirability of accepting the principles. I think the government usually follows that practice of being responsible for the actual drafting of the legislation. I have found, through my experience, that there is very little which cannot be drafted if it is indicated that it is desirable as an end result.

So, I would like to see this committee, when we reach the steering committee stage—and I understand it cannot be done at the moment—but I would like to see those members from western Canada support the farmers and farm organizations, in giving an indication to the government that we are most desirous of an immediate adoption of this principle of allowing farmers to deliver grain to the elevators of their choice, the same principle which is taken for granted by other organizations, as a result of the mechanics of their living in other parts of Canada.

The CHAIRMAN: Gentlemen, is it agreed that we proceed in camera now to consider the report.

Mr. WESELAKE: I would like to make one comment. It is now in evidence before this committee that the recommendation made by this committee last year, and the remarks that have come up this year that there was no support of any representative of a farm group, gave rise to the recommendation that was made last year. Just to clear the air on that point, I would like to refer to page 304 of the evidence last year, of those interjected questions between Mr. Argue and Mr. Wesson. I would just like to read this paragraph here:

By Mr. Argue:

Q. Mr. Chairman, it has been suggested here this morning that if the Wheat Board would increase its percentage of shipping orders given to the pools that might solve the problem. I wonder if the solution does not have to go further than that? My question is this, supposing the Wheat Board should increase the shipping orders given to the Saskatchewan Wheat Pool so that your percentage of orders went up to 53 per cent, or up to the highest amount you have ever handled in one year, would this really solve the problem, the basic problem, of giving the farmer the right at the local point to deliver to the elevator of his choice? Is not the problem more than one of getting a bigger percentage of handling to the pool? The problem is restoring the fundamental rights to the local producer.—A. The question that Mr. Argue raises regarding the ultimate success or otherwise is based on Wheat Board orders. Just let me say that a Wheat Board order does not necessarily bring the cars, and if in the interim the pool elevator is filled to the roof, but there is space in the other elevators and some farmer wants to take advantage of it, they get the grain. If you could be assured at all times that you are going to get the cars spotted because you have the orders to make space available then it would be successful, but not without. I agree with Mr. Argue's second question. The principle of what we are talking about is this right of the farmer himself to determine the elevator which he wants to use.

Q. Right at the local point, the individual farmer?—A. Yes.

In these replies, Mr. Chairman, there is a definite indication that Mr. Wesson felt that if the Wheat Board orders were followed by box cars it would do a great deal toward enabling farmers to deliver to the elevator of their own choice. Now there is one point which Mr. Argue raised, and that was that the allocation of cars at a given point should be made according to the preferences registered by the farmers themselves, and I would just like to ask Mr. Argue one question, and that is: if the cars are to be allocated according to the

farmer's preference is it not quite possible that it would interfere with the Wheat Board orders at that particular point? I understand that Wheat Board orders are being issued to the various companies according to their past performance, and, from the information I have, as far as possible box cars are being assigned to these companies in proportion to Wheat Board orders allocated to particular companies. If you were to distribute these particular allocations of Wheat Board orders would there not be an interference between the two? This is the question I am proposing to Mr. Argue.

Mr. ARGUE: Mr. Chairman, I do not think it necessarily follows. I do not want to do anything which would interfere with the Wheat Board being able to call out at all times grain of the type and grade which it needs in order to meet urgent Wheat Board sales, but apart from that, which might be the exception to the rule, I think the general rule should be followed of apportioning cars as farmers themselves have indicated and, as Mr. Plumer said the other day, even though calling out grain of the type and grade that the Wheat Board may want at a given moment might to some extent vary the general formula, it could be taken up because that could be kept in mind in the allocation of cars, so that at the end of a certain period you would come as close to carrying out the actual formula as the farmers had wished. I do not think there are many occasions when grain of a special kind is in one elevator. I admit that there are occasions but I do not admit it as a general rule. I think that if half the farmers at a given point, say, wish to deliver grain to a certain elevator they can, by and large, put in the grain of all the different types and so forth, so that when the Wheat Board wants grain of a certain type it is likely to be there on that general basis.

Mr. WESELAKE: Supposing there are three companies at one point and they all have orders, and are in a position to allocate orders to that point; supposing one allocates it to one point and other companies do not just when your car comes in, what happens to your preference?

Mr. ARGUE: That is a difficulty which arises when the present method is followed. I would like to see that altered, to some extent, under the Railway Act.

Mr. TUCKER: Maybe I am very anxious to have the farmers given every chance to deal with the elevators of their own choice subject to the difficulties of the present situation, and this committee unanimously recommended, in line with Mr. Wesson's suggestion, which Mr. Weselak has just put on the record again, the way of meeting this, as far as the committee thought that would be possible at that time, namely that the Wheat Board, in which everybody has confidence, would allocate the orders among the various companies and leave it to them as to which point they would call these orders out from, and then the railroad would be ordered to supply box cars according to the orders at each point. That meant that over the whole province in each case the companies would presumably get their share of the orders based upon what the farmers wanted to deliver, and while that might not work out owing to the necessity of our requiring different kinds and grades of grain in each point exactly as the farmers at that point would like to have it, over the province as a whole the farmers would be marketing their grain in the proportion that they wished with the various elevator companies.

It has been stated in evidence that as a result of this system there is a tendency for some companies to "plug" their orders in certain points so as to get a larger share of the orders at that particular point than they would otherwise have got. We were told that the transport controller and the Wheat Board have been watching that situation and are inclined now to take some

steps in regard to the matter to prevent that sort of thing happening. Now in the circumstances there are certain things that strike me with regard to this matter.

The first is this: the committee has recommended a certain course of action. It is not working out in one respect, apparently, as was hoped, in regard to being carried through to individual points, and due to that situation, which was described, the Wheat Board and the Transport Controller have taken cognizance of that and are working on that particular difficulty and intend to do something about it. That is as I understood the evidence. It seems to me, that, if, for example, the Saskatchewan Wheat Pool were not satisfied that the matter was being worked out satisfactorily, or as satisfactorily as possible in the circumstances, we would have had representatives from them. In other words, the evidence given last year was given before the steps, which have been described, were taken; so that evidence, it seems to me, is not relevant. As a result of that evidence we made a certain recommendation. We have not heard from the Saskatchewan Wheat Pool that that recommendation is not working out satisfactorily. We have not heard from any other organizations to that effect, as I remember it, except from the Alberta Wheat Pool. As I recall it, Mr. Plumer was not examined as to just what more he wished done in the matter to follow out the recommendations of this committee.

It may be that the points on which the Canadian Wheat Board and the Transport Controller are working, to prevent the practice at particular shipping points where some company plugs their orders at those points to get a disproportionate share at those points, was the main difficulty in the mind of the Alberta Wheat Pool members. If we are going to depart from the recommendation which we made last year, and the attempt to carry it out and to make it work, because of the difficulties which have arisen, it seems to me that we should examine Mr. Plumer very carefully and that we should have the opinion of the farm unions, the Interprovincial Farm Council, have recommendations from the Canadian Federation of Agriculture, and certainly from the Saskatchewan Wheat Pool, and ask them to direct their mind as to how this proposal, which was made by the committee and is now in effect, could be improved and made to work. We have had no suggestions like that. In fact we have had no suggestions at all from the Saskatchewan Wheat Pool. It seems to me that, if we had had recommendations from them that they would be entirely dissatisfied with the present recommendations.

It seems to me now—when the committee actually made a unanimous recommendation last year which is being worked on and on which an attempt is being made to have it operate so as to be fair to the farmers as a whole and to see that there are no abuses at individual points—that to ask us to reverse our suggestion of last year without any adequate evidence from any farm organizations, except the expressed desire of Mr. Plumer that this plan—with respect to the elevator of the farmer's own choice—should be adopted, is asking this committee to do something very much out of the ordinary.

Personally, I think that before anything like this should be suggested that we should have examined Mr. Plumer—and I do not recall that that was done—and that we should have heard from the Federation of Agriculture and the Interprovincial Farm Union and the Saskatchewan Wheat Pool.

This is a most important matter, Mr. Chairman. It is something which has to do with the movement of our grain, and we know that if something were done which interfered with the effective marketing of our grain that we could create a situation which might do a tremendous amount of damage to the farmers. Before we give any attention to the suggestion of Mr. Argue and his friends—

Mr. ARGUE: The pools.

Mr. TUCKER: We have not heard from the pools. If they had been anxious to back you up they would have been here. Even Mr. Plumer did not suggest that he was backing up Mr. Argue. That is the situation, Mr. Chairman. We have this suggestion of Mr. Argue's which was brought forward last year and he himself voted and approved of the other suggestion.

There is no suggestion that that was not totally dealt with by Mr. McIvor. There was no suggestion that he was not allocating these orders fairly; and there was no suggestion by anybody that the elevator companies are not getting the business according to the wishes of the farmers.

Where is the proof of these allegations—that is not brought forward—that the changes which we recommended unanimously last year, with improvements which can be made, were not made as the best way of dealing with the matter. If we decide to change the position, then we should have evidence from the farm organizations and particularly the Saskatchewan Wheat Pool. I think that it is a lot to ask this committee to revise the decision of last year when there is no complaint whatever before this committee.

Mr. McCULLOUGH (*Moose Mountain*): I do not want to argue with the member from Rosthern that he is perhaps putting some of his mail in the waste paper basket—that is for him to say—but he has taken some time this morning in trying to indicate to the committee that this committee has not had before it witnesses from the three western wheat pools. I have here, Mr. Chairman, a letter addressed to me as of February 23, 1956, from the Canadian Cooperative Wheat Producers Limited. I presume that this letter, with the accompanying resolutions which were passed at the Interprovincial Pool meeting at Winnipeg this year on January 17 and 18 by the Interprovincial Pool members, would have gone to every member of parliament. I want to read this into the record because it does set out the desires of the three western wheat pools.

The CHAIRMAN: Is it signed by the secretary?

Mr. McCULLOUGH (*Moose Mountain*): Yes. This letter is signed by the secretary, E. S. Russenholt. I will read the letter:

Mr. E. G. McCullough, M.P.,
House of Commons,
Ottawa, Ont.

Dear Sir:

For your information we are forwarding herewith the text of some of the resolutions passed by an Interprovincial Pool meeting comprising the boards of directors of Alberta Wheat Pool, Saskatchewan Wheat Pool and Manitoba Pool Elevators, held in Winnipeg on 17-18 January, 1956.

Yours sincerely,

(Signed) E. S. RUSSENHOLT,
Secretary.

Then the first resolution reads as follows:

Canada Grain Act

Resolved that our three Canadian pool organizations, in cooperation with other farm organizations, continue to work unceasingly for amendments to the Canada Grain Act which shall:

1. Recognize, confirm and give effect to the right of the producer to deliver his grain to the elevator of his own choice;

2. Establish a system whereby the producer may indicate where he prefers to deliver;
3. Provide for the allocation of box cars at country elevators, under the orders and regulations of the Canadian Wheat Board, Board of Grain Commissioners and Transport Controller, in accordance with the producer's preference; and thus enable the producer to deliver to the elevator of his own choice; and
4. At the same time, retain to the individual producer his right to order cars under the car order book section of the Canada Grain Act.

I think, Mr. Chairman, that that answers conclusively Mr. Tucker's argument to the contrary that at least the pools have put forward their desires in connection with this right of the farmer to deliver grain to the elevator of his own choice. I think perhaps that we could have had a witness from this organization before this committee, but I feel sure that every member of this committee should have had this resolution and would therefore know the desires of the three western pools.

While I am on my feet, I join with members who have already spoken in respect to this very fundamental right which is requested by the western grain producers. I agree with Mr. Johnson that perhaps we on this committee do not understand the farmers' problem as well as we should and that this committee should go out and interview the farm organizations and the farmers in this area. I feel that having done that it would be easier for us to understand the farmers' problem in respect to their desire to do business with the organization of their choice.

The fight of the western farmer, as Mr. Argue has pointed out, has been a long one. It started away back when many of us here were very young. It started with the Territorial Grain Company, the Grain Growers Company of Western Canada, the United Farmers, and then the great western pools which were established in 1923. It concerned not only the problem of having the right of having fair grades, but the right to have cars spotted and to deliver grain has been one of their struggles. Now, in the complex method of delivering their grain to the elevators, while the farmer supports, I think almost 100 per cent, the handling of grain through the Canadian Wheat Board and appreciates the problems of that organization in getting the kind of grain under these congested conditions, yet at the same time there is still that fundamental right which we feel we should have, namely that we should be able to do business, like every person in Canada, with the elevator company which we choose. I am not satisfied, Mr. Chairman, in the evidence given here during this past week that there is any real reason why that cannot be carried out. Having regard to the problem of orders and the requirements for certain grades and types of grain, there still remains the fact that at the end of a crop season, or at some specific period in the crop year, that it should be possible for the farmers to be able to deliver grain to the elevator, within their district, of their choice.

I am sure I can say this, that until a method is found and adopted there is going to be a fight by the western farm organizations.

I cannot agree with Mr. Tucker that we have not had before us substantial information as to how this can be done and as to the disadvantages of the present method even up to this time. I am going to read into the record Mr. Ben Plumer's report to this committee. While it is true that Mr. Plumer

did not argue his point, nevertheless, there has been shown to be a great dissatisfaction in the area of Lethbridge. His report is as follows:

Gentlemen:

The delegates of Alberta Wheat Pool have instructed the board and management of the pool to work without ceasing until farmers generally are furnished with means by which they may indicate a preference as between the elevators at their shipping point to which they prefer to deliver grain; and further, that when railway cars are supplied for shipment of grain at the point, they can be supplied to the elevators in the proportions chosen by the farmers.

That is the fundamental desire of the western farmers and I think it is the duty of this committee to do what it can to incorporate in its findings a certain provision or provisions or any change in the method that has been used in the past so that this basic principle may be followed.

Mr. SMITH (*Battle River-Camrose*): Mr. Chairman, I would like to substantiate the remarks of several of the members here and to bring further evidence into the record on the presentation that has been made to this committee dealing with this particular matter.

I wish to quote from the submission made by the Interprovincial Farm Union Council to the house of commons standing committee on agriculture and colonization in June, 1956, where they have this to say at page 15:

Farmers would like a workable basis established to enable them to deliver grain to the elevator of their choice. Accordingly, provision would be required in the Canada Grain Act whereby they may state their delivery preference in filling out their delivery permit at the elevator of their choice. The Wheat Board in turn shall be authorized to determine an annual cycle of car distribution according to the amount of bushels listed for each elevator in permit books.

It does seem to me that representations have been made this year by the farm organizations throughout the west urging that something be done about box car distribution and other related matters. I cannot, for one minute, subscribe to the sentiments presented a few moments ago by the hon. member for Rosthern. I do feel we have the problem before us which has been presented to us by the three wheat pools throughout the west and by the provincial Farm Union Council which represents a large section of the wheat producers of western Canada, and I do feel that we should sit down and do something or make a recommendation to the government which will attempt at least to relieve the problem which has existed in the west for a great number of years.

To say that there is no complaint is false. We have complaints before us at the present time, and those of us who live in the west know that those complaints are justified and are very real.

Mr. NICHOLSON: Mr. Chairman, I appreciate the sympathetic hearing which the non-prairie members of the committee are giving. It is obvious that while these are matters which are of very great concern to prairie members of parliament they are also of concern to members who live in other parts of the country.

I am sorry that I did not have this reference from the United States Department of Agriculture the other day. I was disturbed by the political comments made by Mr. McIvor and Mr. Davidson regarding United States policy so I got in touch with the United States Agricultural Attaché, and he was good enough to send me the competitive position of United States farm products abroad.

I think the important difference between the Canadian and the American position is that the agricultural officials in the United States Congress admit very frankly that this is a major national problem which is so important that the United States Congress authorized a special study to be made. So this report of the competitive position of United States farm products abroad summarizes the problem of the barriers that the United States currently faces in exporting its farm products. It not only deals with wheat but it also deals with rice and all other agricultural products.

I do not have Mr. Davidson's remarks before me but I am sure there is quite a wide difference in the world picture which he painted and the picture that the Washington authorities have. They point out that the estimated world position for supply of wheat at the end of this year—about 7.3 billions—is up 20 per cent over that world position from 1935 to 1949; it was up 30 per cent over the world position from 1945 to 1949.

I have dealt very carefully with the position all over the world, and I am prepared to admit that they have not found a solution. But, I think some of the comments made here would indicate that we really have not any serious problem. But, as we see it, it would be a very desirable situation—in respect to the matter Mr. Argue has brought up—to permit the farm cooperative organizations to survive this crisis, and is not unreasonable.

I mentioned on Friday that I had a report the night before from Sturgis, Saskatchewan, where apparently there was 30,000 bushels space available in the non-pool elevators—there are three elevators at this point—and the pool elevator has been plugged for some time. Now, no one can say that it is because there is a special kind of grain there. It so happens that the points east of Sturgis are all on seven-bushel quotas, and grain is very similar. But, it appears that somebody is responsible for a situation, where people, who have never delivered a bushel of grain to any but their own elevators, are going to be obliged, before the end of July, to haul out grain to line elevators if they are going to get some cash. Now, I think this is a situation that no one can seriously justify.

Since Mr. Milner said he does not make the decision, it is pretty obvious that someone made the decision in respect to sufficient cars having been supplied throughout that period to non-pool elevators, so that they were able to get their grain moving and have space for 30,000 bushels, while quite a large number still have not delivered. The wheat pool director for the area said that the end of the crop year is coming, and that 2,500 bushels of wheat, that he could deliver to non-pool elevators between now and the end of July, or that he would have to carry over into the new year without any cash, poses a very real problem to anyone who is interested in the survival of an organization like the Saskatchewan Wheat Pool.

I think Mr. McIvor has quite clearly demonstrated that the wheat pools of Manitoba, Saskatchewan and Alberta are all aware of this situation, and that they have considered that somebody along the line is responsible for a policy that has been allocating box cars in an unfair manner to the competitors of the wheat pool. Since Mr. McIvor does not take the responsibility, I think this committee should reach the conclusion that we should set forth what we consider to be a fair policy, and certainly a policy that would permit the farmers to deliver grain to the elevator that they have built up, and the elevator company that is going to give them the benefits of any advantage.

One of the farmers in my area, who has just passed 70 years of age, recently received a cheque for \$1,800 in dividends that have accrued to him as a result of his having delivered every bushel of grain that he has grown to the wheat pool since the wheat pool was organized. Other farmers who have hauled their grain to the line company do not get that sort of benefit.

I think it is important that this committee should agree, that the delivering of grain to the farmers' own organizations, the wheat pools, should be made possible.

The CHAIRMAN: Gentlemen, I think we have reached the stage where we should go into camera and actually do something about it.

Mr. ARGUE: Mr. Chairman, if I may be permitted, I would like to answer one or two of the points that Mr. Tucker has made. He said that nothing should be done to interfere with the wheat pool being able to market our grain in an efficient manner.

I want to say that the suggestion we have made would not in our judgment interfere with the marketing of grain in an efficient manner, but that it would in fact increase efficiency and goodwill in the whole grain marketing operation and that it would in no way interfere at any point with the Wheat Board's right of calling out the grain for which they have immediate sale. It has been said that if the farm organizations had been greatly disturbed by the present situation they would have appeared before this committee. I think their concern has been amply demonstrated by others who have taken part in these discussions, and I also want to point out that as far as the wheat pool generally is concerned, they have dealt with this question in earlier appearances before this committee. They were here two years in a row. They mentioned the problem briefly on the first occasion, and when they were here last year they discussed it very thoroughly and in great detail. They answered questions asked by members of this committee and made presentations which they believed had made such a real impact on members that they were likely to bring forth results. I was reliably informed that remarks by the chairman of this committee to the Saskatchewan Wheat Pool officials, led them to believe at the conclusion of the report that the impact on the committee had been so strong and so favourable that action would probably be forthcoming. I was informed that the chairman made a suggestion to the president of the Saskatchewan Wheat Pool that he wait over the weekend in order to have an interview with the Minister of Trade and Commerce who, at that time, happened to be out of Ottawa. Mr. Wesson said that while he would like to stay over he regretted that a previous engagement made it impossible for him to wait over the weekend and meet Mr. Howe, but he said: "As an alternative, I am prepared to wire Mr. Tom Bobier, first vice-president of the Saskatchewan Wheat Pool who is also the head of the Western Interpool Committee on Boxcar Allocation, to come as my substitute, and there is probably no man better informed on the subject than Mr. Bobier". That was agreed to and Mr. Bobier was able to get a plane passage after making many telephone calls, after having to wait for a flight, and so on. However, he got here. He was able to come to Ottawa only after having experienced some considerable inconvenience. He met the minister and, afterwards, he said the interview was most unsatisfactory—that he was not given a very good reception and, as a matter of fact that he was told rather quickly and in blunt language that the minister and the government were not prepared to move in the direction in which the wheat pool had been asking this committee to move. That is why we got nothing out of this committee last year along the lines asked for by the farm organizations to which I have referred. Instead, we had another motion that was not the first choice of the members of the group to which I belong and which we supported only as a very poor alternative, and as something that might be a very slight improvement on the bad situation that had prevailed in the past. There is further evidence that the wheat pool organization—the farm organization—is not satisfied with what has been done. I want to point out that at this very time wheat pool farm organization meetings are being held across western Canada to discuss this very subject. I know that those meetings

are being headed in my own district by wheat pool directors, Mr. Clarence McKee and Mr. Carol Strayer, who are out having meetings discussing this particular point. So, I suggest to the member from Rosthern and to the members of this committee that they should, at this time, give serious consideration to the recommendations placed before this committee last year, and which have been placed before this committee this morning by resolution from Mr. McCullough.

The CHAIRMAN: Shall we go into camera now?

Mr. ARGUE: No, Mr. Chairman. I have one further point.

We had a very forthright statement from Mr. Milner as to the attitude of the C.P.R. during a certain given period of time; the fact that the C.P.R., for a six-week period, according to Mr. Milner, had failed to supply a reasonable number of box cars for the grain business.

The CHAIRMAN: Would you allow me to comment just a word on what you said previously since you referred to the chairman of the committee last year. I do not quite get the complete inference of what you said. However, let me say that last year, as all members know, in this committee we considered very fully this whole question and at very great length. I remember distinctly, when asked to give an expression of opinion as to the general feeling of the committee, that I thought it had been very favourably impressed by all the witnesses. I think that I gave a very forthright interpretation at the time, because everybody was very much impressed by the representations made to the committee.

I naturally cannot agree with the statement by Mr. Argue that the committee did nothing last year, because we did pass a very important recommendation. In all fairness let me say that this recommendation was unofficially submitted to the three pools and others who appeared last year. It is not for me to say they agreed or disagreed with it. However, they were made aware of it and each one of them, I can say, thought that at least it was a step in the right direction and that they were willing to try it to see how it would work out. Let us not forget that this was enacted last year.

Now, we had the statement made here—by the minister or the chairman of the board, I forget who—that these people who are directly concerned with grain came to Ottawa to the minister and made representations to the effect that they were not in a position to know if the recommendation of the committee was being followed by the railways. So, some six weeks or two months ago, the Transport Controller issued another order asking the station agent to post the shipping orders to place the elevator agents in a position to know what the score is as far as shipping orders are concerned, and, consequently, to be in a position to know whether or not the railways were carrying out the first order of the Transport Controller.

Now I submit—I think there is a general feeling all through with regard to those concerned in this matter that we should give this matter time in order to ascertain whether it will work out or not. I appreciate that some members would like to go beyond that as well, but there is a difference of opinion there. Everybody is entitled to his own opinion, but it is a question that has to be decided. I just thought I would clear this up, as far as the statement that was made.

Now, Mr. Argue?

Mr. ARGUE: Mr. Chairman, there is evidence to support further the statement that the Canadian Pacific Railway did not bring forth an adequate number or a reasonable number of box cars during the marketing period last year. It has been placed on record in relation to Canadian Pacific points with respect to a certain Saskatchewan Wheat Pool map.

I know there are a number of large areas in western Canada on Canadian Pacific lines where even early in the crop year they failed to get anywhere like the comparable number of box cars as supplied at Canadian National Railways points.

There was a reply made to Mr. Milner's statement by some official of the Canadian Pacific Railway, and I think that a representative of the Canadian Pacific Railway should be brought before this committee and that this committee should ask the president of the Canadian Pacific Railway, Mr. Crump, to appear before us, or ask him to designate an official representative to appear before this committee to answer three general questions as follows: why the Canadian Pacific Railway failed to supply box cars in the period referred to by Mr. Milner; why Canadian Pacific Railway points throughout the year have been forced to accept lower delivery quotas and the farmers unable to market as much grain as was marketed by neighbouring Canadian National Railways points; and as to what method the railways follow in allocating cars among marketing points and at marketing points?

We have had certain evidence given here as to rules which they were supposed to follow. I think we should have the railway companies themselves meet the request I am making and appear before us to tell us precisely how the railway companies allocate their cars among shipping points, and allocate their cars at a given shipping point.

Certainly the general allocation of cars at shipping points has been very, very bad, because huge areas of western Canada have been starved for box cars. When a farmer cannot market his grain because there are no box cars, then it becomes a financial cost to himself; and when farmers at a Canadian Pacific Railway point ask for some of the treatment which farmers living along Canadian National Railways points are able to get, they are merely protesting the fact that it has been very expensive, that it has cost them a lot of money, that it is an out of pocket expense for them to live along the Canadian Pacific Railway line in the last year where box cars have been inadequate in numbers and delivery quotas have consequently been low.

Therefore I move that this committee ask the Canadian Pacific Railway Company president, Mr. Crump, or a representative designated by him to appear before this committee.

The CHAIRMAN: May I have your motion in writing?

Mr. ARGUE: I have not got it written out yet.

The CHAIRMAN: Then you will please write it out.

Mr. HARKNESS: With regard to Mr. Argue's motion I have thought for some time that probably we should get Mr. Crump or someone from the Canadian Pacific Railway to appear before this committee. Certain allegations have been made in regard to the failure of the Canadian Pacific Railway to provide sufficient box cars in certain areas, thereby causing an unfair opportunity to deliver grain on the part of certain farmers. So I think in fairness to the Canadian Pacific Railway apart from anything else that they should be given an opportunity to explain the situation and to defend themselves if they are able to do so.

I know that in the newspaper reports containing an article by Mr. Thompson, that I think Mr. Argue referred to, I believe that Mr. Thompson said the C.P.R. had carried some 52.3 per cent of the grain to the market this year. In view of that statement, it would appear that from their point of view, they have done a fairly good job. I think that they should at least have, as I said before, an opportunity to defend themselves against the allegations which have been made in the house and in this committee in regard to their failure to supply sufficient box cars. Therefore, I would support the motion.

Mr. QUELCH: Mr. Chairman, in view of the criticism made by Mr. Milner, I think it is only fair that the C.P.R. should be given a chance to give their side of the story and explain why they were not able to meet the orders of Mr. Milner. Therefore I would support the resolution.

The CHAIRMAN: I suggest that we should not read more into the remarks of the controller, in this regard, than they actually conveyed. The transport controller, it is true, said that the C.P.R. did not fully respond to his urgent request during a certain period of the year.

Mr. QUELCH: Six weeks.

The CHAIRMAN: He used the words that they were pencil pushers and people who were stronger on theory than on practice, and that they lacked experience, if I remember correctly, for a short period of time during the year. During those six weeks, or two months, he had difficulty getting a response from them. But, he also made it quite clear that the C.P.R. have cleared up this bottleneck since then, and that the cars were moving very nicely at the present time.

Now, I just want to say this, because I do not think the transport controller really intended to go as far as some people have in placing an interpretation on his words. He did say that on two or three occasions he had received 98 per cent cooperation from the C.P.R.

Whether we should call the President, or his representative before this committee is up to the committee to decide. But, as I say, we should not read too much in what has been said. The point I want to make is that apparently the situation is looked after, and is being corrected at the present time. Now, if the situation is different next year and the C.P.R. wish to appear, I am sure they will have the opportunity at further meetings when we meet again next year during the next session. I think they will have a full opportunity then.

Mr. ARGUE: With an election on?

The CHAIRMAN: I am sure that the C.P.R. are well aware of the criticism. It has been pretty general throughout the country, and there was some criticism of the C.P.R. in the house. Had they had any intention, in fairness to themselves, to make a presentation to this committee, I am sure they would have asked to be heard, and we could have heard them. But, at this late stage I am wondering if it is really advisable to pass such a motion.

However, it is in the hands of the committee.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I want to join with those who think we should have Mr. Crump or some other designated official here from the C.P.R. I think that you, as chairman have placed your own interpretation on the remarks of Mr. Milner and I, perhaps, would agree to some extent with what you have said. Nevertheless it should be pointed out that the C.P.R. have at least seen fit to reply publicly to the statement which was made by Mr. Milner before this committee and I would also like to point out that there is a press report that Mr. Milner will resign at the end of the shipping season and that is coupled with the reflection that perhaps it might be the result of the non-cooperation of the C.P.R., so I think we should have—

The CHAIRMAN: Well, you are reading more into it, now.

Mr. MANG: I think there has been a good deal of importance attached to the statement made by Mr. Milner that is out of proportion to his intent. He acknowledged that he had had difficulties with the C.P.R., but said that those difficulties had been rectified. However, the situation now is that there are allegations being made in western Canada that the C.P.R. has not dealt fairly in moving this grain and that points have been neglected that should not have been neglected. There has also been the allegation that they did not haul wheat because they wanted to have a more remunerative business, and these ideas or allegations are being kicked around all over western Canada. If we leave the

matter suspended in mid-air, as it were, I do not think the record will be as straight as it should. I would be inclined to ask the C.P.R. to appear before this committee in order that we might get our facts straight. Whatever use we make of these facts after we get out is a matter for the individual concerned, of course, and I know pretty well now what will be emphasized by some people and what will be emphasized by others. Let me point out again that Mr. Milner did say he has received the finest cooperation from both railway companies in doing this tremendous job.

Mr. SMITH (*Battle River-Camrose*): I would like to support the motion. I was not impressed by Mr. Milner's statement last Friday before the committee. It appears to me from records I have collected from Wheat Board representatives that the C.P.R. has been "letting up" points in my part of the country long before March 1. I have some questions I would wish to ask with regard to my own area where they have had undue difficulty in having grain moved on C.P.R. branch lines. People living on such branch lines have the right to expect just as much consideration in the movement of their grain as those living on main lines. It is not a new problem—it has been going on for a good number of years—but I think that a representative of the C.P.R. should certainly appear before this committee and present his side of the case.

Mr. BLACKMORE: Mr. Chairman, I would like to support that motion.

Mr. JOHNSON (*Kindersley*): I am in the position that it is not on the basis of Mr. Milner's statement that I would support it, but on the basis of practical experience in my own constituency. I have a large area, south of the river, which last year was on an extremely small quota, sometimes one and two bushels, and on the unit quota, in the area served by the C.P.R. line; whereas, north of the river, served by the C.N.R., we have much higher quotas and larger movements of grain.

Last fall in the Lancer area which produces Durum wheat, they were unable to get box cars to move it out and they were forced to cross the Saskatchewan river and haul it up to Snipe lake where they could take delivery of it. Last year, on a 3-bushel quota, a lot of that was taken care of through the construction of curling rinks and cooperative auxiliary storage facilities provided by the people; whereas, north of the river, the quotas were much higher.

The same situation applies to the area served by the C.P.R. in the northern part of my constituency. I think that we have a responsibility to the people whom we are representing to hear the story from the C.P.R. people.

Mr. MACKENZIE: I do not understand why we let Mr. Roy Milner go home if there was so much confusion.

The CHAIRMAN: What Mr. Roy Milner said is on the record and is available to us. We have the original minutes of the proceedings before us to consult and I think it is of such recent date that everybody pretty well recalls what he said.

I am wondering, after this motion, if we are not attempting to, indirectly, direct the Transport Controller's work. I mean, that there are rules and regulations laid down and that the railways do not allocate cars themselves. They allocate them according to instructions through the Canadian Wheat Board or the Transport Controller and others and if they fall down on the job it is their responsibility. It has been pointed out that the ones to be called are those responsible for it; that we already have done. At this late date, after we have disposed of the witness directly concerned, I do not think we should call in witnesses who are indirectly under the controls and procedure to be followed.

Mr. ARGUE: It is the old peanut game.

Mr. SMITH (*Battle River-Camrose*): I was ready to accept Mr. Milner's statement as being true because I have had experience in dealing with the C.P.R. However, in connection with their attempt, on Saturday, to protect themselves by saying that they had moved 53 per cent—or some figure—of the grain from western Canada this year, I would like to find out from where that grain was moved. I think they owe this committee an explanation.

The CHAIRMAN: We have a motion before the committee.

Mr. TUCKER: Mr. Chairman, it seems to me if we get the C.P.R. here, without the man who knows all about it here also, we are liable to get a statement and we will not know whether or not it is a whole statement; that is the difficulty. If Mr. Milner is here he will know whether we are getting the whole statement from the C.P.R. We have heard from our own official now that the C.P.R., for six weeks, did not do a good job to the point where he had to tell them he was sick and tired of excuses and had to go to the president. He finally got out as much as could be expected but he said it would not cure the situation now because it came too late. He says that the C.P.R., in effect, let him down and also let down farmers on the C.P.R. lines and that it is going to be very difficult to remedy that situation. I am inclined to accept that statement of the Transport Controller; but if we are going to have the Canadian Pacific Railway come here and endeavour to defend themselves against that statement, it seems to me that we should also have Mr. Milner come here to give his side of it.

I do not think it would be fair to call the Canadian Pacific Railway now to endeavour to show that perhaps Mr. Milner was not right—as they seem to have done in their published statement—without his having a chance to answer again. So before we decide to call the Canadian Pacific Railway it seems to me that we should find out if Mr. Milner can come back, and if so, when he can be here to see to it that the committee gets the whole story.

I am inclined to accept Mr. Milner's statement that the Canadian Pacific Railway did let us down, but I also think the Canadian Pacific Railway should be given an opportunity to present their observations, certainly if there is something else which may be said in answer. In other words, if you are going to have a trial, you should have all the parties present at the same time. But the question arises as to whether we can get Mr. Milner back here. I do not think we should call on the Canadian Pacific Railway and hear their statement *ex parte* when perhaps they might make it out that Mr. Milner did not give a fair presentation of the picture. I do not think it is fair to do that.

Mr. HARKNESS: I do not think it is a matter of a trial as Mr. Tucker seems to have it in mind. There have been certain allegations made by Mr. Milner, and there have been further allegations made here this morning all of which stand on the record. It seems to me it would be grossly unfair to the Canadian Pacific Railway not to give them an opportunity to put up their side of the story.

Mr. TUCKER: I am surprised that they have not even asked to appear before this committee.

Mr. HARKNESS: I cannot see that there is any sort of reasonableness in carrying on a committee of this sort and hearing only one side of the question and having a lot of allegations when the people against whom these things have been stated have no opportunity to repudiate them.

The CHAIRMAN: Once again may I ask the members of the committee not to read into the record—not to impute words to Mr. Milner that he did not intend to use. His whole appreciation of the situation was not as it is now represented. Let me read to you from page DD4 in the last paragraph when

he was asked to explain this situation. I think it was in answer to Mr. Tucker when he said:

A. Mr. Tucker, I can answer that best in this way, I think, when Mr. Crump became elevated to the position of the company—he was an excellent man in the operations of the railway, and when he became elevated to the position of president, there was, as very often is in a large organization, a sort of—what will I call it—a lack of experience. It was that lack of experience that I had to deal with which caused the shortage of box cars, and the shortage of equipment that I would have liked to have seen in the west during that period.

I told you this morning, I think when I referred to them as “pencil pushers, theorists”, and that is not all I call them when I was talking to them. But, that is the best language I can use here. It was evidently a case of where, and I will call it untried personnel, was attempting to run the transportation of the C.P.R., and it did not work out as far as I was concerned until I could get back to the president of the company after which time we got action. I think every member here knows, and particularly every western member, that the supply of box cars after this time, was perfectly adequate for the purposes of western Canada.

That is the way he explained his position in the committee.

Mr. POMMER: In connection with this statement made by the Canadian Pacific Railway as reported in the press, I read it and my interpretation was not to the effect that they denied that they had not cooperated for six weeks when they said that they had carried 52.3 per cent of the grain. They could still carry that much grain and still not cooperate in those six weeks because I understand that most of the areas which they serve are areas where there is the heaviest yield and where the most grain is handled. So I cannot see any actual conflict between what Mr. Milner said when he said that he had received 98 per cent co-operation with the railways.

The CHAIRMAN: That is right.

Mr. ARGUE: I agree with Mr. Harkness that it is only fair to the Canadian Pacific Railway to give them an opportunity to answer the statement which you have just read from Mr. Milner's testimony.

I want to point out that it is not just a question of the six weeks period as far as I am concerned. It has been pretty much a normal occurrence in the whole of western, southern, and south-western Saskatchewan.

I can remember very vividly a certain picture appearing in the Regina Leader Post during the last crop year, which went down towards the spring. It was a picture of trucks filled with grain standing in front of the elevators at Minton, on blocks, and it had been there for months. That was picturesque evidence of the great problem. But, nevertheless, there are a great many points that had as much difficulty getting box cars as Minton. What we want to know from the C.P.R. is why there has been this apparent discrimination in the supplying of box cars in that whole area. If they can show us that the farmers have to come in and put their trucks on blocks and keep them there for months, as part of the normal procedure, we will hear that kind of evidence. But we do want to find out from the C.P.R. why branches along their railway points have been discriminated against over a long period, whether they have now done something to straighten this situation out on a permanent basis.

Mr. POMMER: Is it not a fact, Mr. Chairman, that the C.P.R. has 17,000 fewer box cars than the C.N.R.? Would that not be part of their discrimination?

Mr. ARGUE: Maybe they should get more box cars.

Mr. POMMER: I am not pinch-hitting for the C.P.R., I am just trying to bring out the evidence.

The CHAIRMAN: I have the motion here, and it reads as follows: "It has been moved by Mr. Argue, seconded by Mr. Johnson (Kindersley) that this committee ask the C.P.R. president, Mr. Crump, or a representative designated by him to appear before the committee". All those in favour of the motion say aye and—

Mr. TUCKER: Just before you put the motion, Mr. Chairman, I suggest that if the motion carries, that you arrange to notify the transport controller that the C.P.R. are being asked to appear before this committee, so that Mr. Milner or a representative will have a chance to be here to hear the evidence. The committee will then be sure that they are hearing both sides of the thing.

As far as I am concerned, I am prepared to vote for it, but on the understanding that the transport controller, or a representative will be notified so that they will be able to be here at the time the C.P.R. are giving their evidence.

Mr. POMMER: I agree with that, Mr. Chairman.

The CHAIRMAN: Just a minute. You are faced with an addition to the amendment, and the point is that you must reopen the proceedings altogether. In that event what would we have before us?

Mr. TUCKER: I have been thinking about that, Mr. Chairman—

The CHAIRMAN: If I may be allowed to finish. That is the whole point of this motion. It is irregular, to some degree, in this respect: we have disposed of the matter, and now we are attempting to reopen the whole thing. In fact, it amounts to just that. However, you cannot put a condition to a motion unless you amend the motion. It will be up to the committee to decide, of course.

Mr. BLACKMORE: Mr. Chairman, at what point did we close the proceedings in respect to the matter?

The CHAIRMAN: We did not close the proceedings, but we carried the report.

Mr. BLACKMORE: The matter is surely before us then?

The CHAIRMAN: We had two reports before us, and that is our order of reference. We carried the Wheat Board report, and we carried the report of the Board of Grain Commissioners. Then it was agreed by unanimous consent that we would discuss the situation generally, before going into camera to discuss the report.

Now you want to reopen and get into a committee, but our only references are those two reports.

Mr. ARGUE: Mr. Chairman, I think the committee itself is responsible for getting into this procedural difficulty. When we had Mr. Milner before us, we asked questions, and we made contributions; but any time we made something rather like a speech, as Mr. Tucker said, it was pointed out that was not the place to make a speech, but rather that it was the place for asking questions. I attempted to go along with that general ruling. As a result, Mr. Chairman, I asked, after we had finished with Mr. Milner, as far as asking him questions were concerned, if you would assure the committee that there would be a further meeting in order to have a general discussion.

The CHAIRMAN: That is right.

Mr. ARGUE: And you agreed with that, and because of that agreement we are having this general discussion now.

The CHAIRMAN: That is right, that is what I said—by unanimous consent—and I am not suggesting that the procedure this morning is not in order. I stated that it was. Well, we have a motion before us now—

Mr. TUCKER: Mr. Chairman, if this is in order it seems to me that the allegation is made that the C.P.R. for a period of six weeks did not do the job which the transport controller thought it should have done in supplying box

cars, as a result of which some farmers did not deliver the grain they otherwise could have delivered. It seems to me that we should be prepared to look into this matter and find out why they did not. After all there is no reason in the world why the C.P.R. should not have done the job the same as the C.N.R. did it and my only concern is that when this step is taken, if it is in order, we should be sure we are getting the whole story. I do not want the C.P.R. to come along and give evidence which will indicate that the transport controller was wrong without his having the opportunity to put questions to them as to the basis of his report to this committee.

It is just a question of whether this is in order or not, and if it is in order, as far as I am concerned—

The CHAIRMAN: I have already accepted a motion and I wish to put the question. I think that we should have the question put now.

Mr. CHARLTON: If Mr. Tucker feels the way he does, would it not be the right thing for him to move an amendment?

The CHAIRMAN: That is the only proper procedure.

Mr. CHARLTON: In the absence of such a motion, let us go on to take a vote.

An hon. MEMBER: A recorded vote.

The CHAIRMAN: Very well. Those in favour of the motion answer yea or yes, those opposed, answer nay or no.

There has been so much interjection that perhaps I had better read the motion again:

That this committee ask the Canadian Pacific president, Mr. Crump, or a representative designated by him, to appear before the committee.

Motion put and agreed to by 14 votes to 12.

The CHAIRMAN: I declare the motion carried.

Mr. TUCKER: I raise the suggestion, Mr. Chairman, that when you find when the representative of the C.P.R. is going to appear that you notify the Transport Controller so that, if he wishes, he or a representative may be here.

Mr. POMMER: He should be notified of the motion which has been passed.

The CHAIRMAN: Is it the wish of the committee that Mr. Milner be called back?

Mr. TUCKER: No. I suggest that he be notified that we have decided to call Mr. Crump or a representative of the C.P.R. and that if he, or a representative, wishes to be here he would be welcomed by the committee to hear the evidence given on behalf of the C.P.R. I think if the committee agreed to that that he should be welcomed here to listen to the evidence, and, if he wished to give further evidence, we would be prepared to hear it.

Mr. ARGUE: I agree with that suggestion. I would suggest that you go one step further and also notify the Canadian Wheat Board so that they may have a representative here so that we can find out just precisely what is done from the time an order leaves the Canadian Wheat Board until it comes to the jurisdiction of the railway companies or the Transport Controller. I think that if such is done that we can have a very thorough inquiry and have the air cleared on this question once and for all.

The CHAIRMAN: All right. Then I will get in touch with the president of the Canadian Pacific Railway. I will also notify the Transport Controller, and we can have somebody from the Canadian Wheat Board, I suppose, here at the same time.

Is there a motion to adjourn?

The committee adjourned.

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HOUSE OF COMMONS

Government
Publications

Third Session—Twenty-second Parliament

1956

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

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1956

UNIVERSITY OF TORONTO

Report of The Board of Grain Commissioners for Canada for 1955

TUESDAY, JULY 17, 1956

WITNESSES:

From the Canadian Pacific Railway Company: Mr. R. A. Emerson, Vice-President, Operation and Maintenance; Mr. I. D. Sinclair, General Solicitor; and Mr. T. Wood, General Superintendent, Manitoba District.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.,
and Messrs.

Anderson	Harrison	Montgomery
Argue	Huffman	Murphy (<i>Westmorland</i>)
Batten	James	Nicholson
Blackmore	Johnson (<i>Kindersley</i>)	Perron
Boucher (<i>Châteauguay- Huntingdon- Laprairie</i>)	Kickham	Pommer
Bruneau	Kirk (<i>Antigonish- Guysborough</i>)	Proudfoot
Bryce	Laflamme	Purdy
Cardiff	Leboe	Quelch
Charlton	Legaré	Roberge
Clark	Lusby	Robinson (<i>Bruce</i>)
Decore	MacKenzie	Schneider
Demers	MacLean	Smith (<i>Battle River- Camrose</i>)
Deslières	Mang	Stanton
Diefenbaker	Massé	Studer
Dinsdale	Matheson	Thatcher
Fontaine	McBain	Tucker
Forgie	McCubbin	Villeneuve
Gingras	McCullough (<i>Moose Mountain</i>)	White (<i>Middlesex East</i>)
Gour (<i>Russell</i>)	Menard	White (<i>Waterloo South—60.</i>)
Harkness	Michaud	

E. W. Innes,
Clerk of the Committee.

ORDER OF REFERENCE

TUESDAY, July 17, 1956.

Ordered,—That the name of Mr. Studer be substituted for that of Mr. Weselak on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, July 17, 1956.

(16)

The Standing Committee on Agriculture and Colonization met at 11.30 a.m. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Bruneau, Bryce, Charlton, Deslières, Diefenbaker, Dinsdale, Forgie, Gour (*Russell*), Harkness, James, Johnson (*Kindersley*), Jutras, Laflamme, Leboe, Lusby, MacKenzie, Mang, Matheson, McCubbin, McCullough (*Moose Mountain*), Nicholson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Schneider, Smith (*Battle River-Camrose*), Stanton, Studer, Thatcher, Tucker, and White (*Middlesex East*).

In attendance: The Right Honourable C. D. Howe, Minister of Trade and Commerce, the Right Honourable James G. Gardiner, Minister of Agriculture, Mr. Roy Milner, Transport Controller and Commissioner of the Board of Grain Commissioners of Canada; Mr. C. B. Davidson, Secretary of The Canadian Wheat Board; Mr. M. W. Sharp, Associate Deputy Minister, Trade and Commerce; and from the *Canadian Pacific Railway Company*: Messrs. R. A. Emerson, Vice-President, Operation and Maintenance, Montreal; C. P. Samwell, Supervisor of Transportation, Moose Jaw; D. S. Thomson, Vice-President, Montreal; R. E. Taylor, General Superintendent of Transportation, Montreal; T. Wood, General Superintendent, Manitoba District, Winnipeg; T. R. Weise, Assistant to Superintendent of Transportation, Winnipeg; I. D. Sinclair, General Solicitor, Montreal.

The Committee further considered the Report of the Board of Grain Commissioners of Canada for 1955.

Agreed, That certain communications received by the Committee and the replies thereto be placed on the record. (*See Appendix "A" to this day's Evidence*).

Mr. Sinclair was called. He introduced Mr. Emerson who, in turn, introduced the other Canadian Pacific Railway Company officials present, and then read the submission of the Canadian Pacific Railway Company on the question of grain handling and delivery.

At 12.35 p.m. the Committee adjourned to 3.00 p.m. this day.

AFTERNOON SITTING

(17)

The Standing Committee on Agriculture and Colonization resumed at 3.00 p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Anderson, Argue, Bruneau, Bryce, Cardiff, Charlton, Decore, Deslières, Diefenbaker, Dinsdale, Forgie, Gour (*Russell*), Harkness, Huffman, James, Johnson (*Kindersley*), Jutras, Laflamme, Leboe,

Lusby, Mang, Matheson, McCubbin, McCullough (*Moose Mountain*), Montgomery, Nicholson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Schneider, Smith (*Battle River-Camrose*), Stanton, Studer, Thatcher, Tucker, and White (*Middlesex East*).

In Attendance: Same as at morning sitting.

The Committee considered the submission presented by the Canadian Pacific Railway Company at the morning sitting, the officials of the C.P.R. answering questions and supplying additional information thereon.

At 5.30 p.m., the Committee adjourned until 8.15 p.m. this day.

EVENING SITTING

(18)

The Standing Committee on Agriculture and Colonization resumed at 8.15 p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Anderson, Argue, Bruneau, Bryce, Charlton, Deslières, Dinsdale, Gour (*Russell*), James, Johnson (*Kindersley*), Jutras, Laflamme, Leboe, Mang, Matheson, McCubbin, McCullough (*Moose Mountain*), Menard, Michaud, Nicholson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Smith (*Battle River-Camrose*), Stanton, Studer, Tucker.

In attendance: Same as at morning sitting.

The Committee resumed the study of the submission of the Canadian Pacific Railway Company, Mr. Emerson and other officials of that company answering questions thereon.

At 10.00 p.m. the Committee adjourned until 11.30 a.m. Wednesday, July 18, 1956.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

TUESDAY, July 17, 1956,
11.30 a.m.

The CHAIRMAN: Order, gentlemen. I am sorry but I was waiting for my file which I had sent for. I had two or three letters which I wanted to place on the record. I received one request from the Concentrated Milk Producers of Ontario to appear before the committee. I notified them that our reference was not broad enough to include this question.

Then, after the last meeting of the committee I received a letter from Mr. D. S. Thomson, vice-president of the Canadian Pacific Railway Company requesting the privilege of being heard by this committee. I therefore replied to his letter and arranged for this morning's meeting.

Possibly, with the consent of the committee, we might have those letters and the replies included in the record, not necessarily at this point, but as an appendix to today's record. (*See Appendix "A"*)

Agreed.

This morning we have with us representatives of the Canadian Pacific Railway Company and I shall first ask Mr. I. D. Sinclair, general solicitor of the Company to introduce the officials of his company. Mr. Sinclair?

Mr. I. D. SINCLAIR (*General Solicitor, Canadian Pacific Railway Co.*): Mr. Chairman and members of the committee, we have arranged for Mr. R. A. Emerson, vice-president of operations and maintenance of the Canadian Pacific Railway to open the presentation on behalf of the company. He will, I think, introduce his officers to you and also Mr. Thomson.

Mr. R. A. Emerson, Vice-President, Operation and Maintenance, Canadian Pacific Railway Company, called:

The WITNESS: Mr. Chairman, hon. members of the Standing Committee on Agriculture and Colonization, Canadian Pacific is appreciative of the opportunity which your committee has accorded it to come before you.

In the first place, we of Canadian Pacific are willing and anxious to assist in any way within our power in the deliberations of matters before your committee with which we are concerned. Secondly, we are disturbed—and I might say profoundly disturbed—by a recent statement made by the Transport Controller that he was “badly let down by the Canadian Pacific” in the matter of the movement of grain in the period between March 15 and April 30, 1956, and the inference drawn that the basic cause of some of the current wheat marketing problems is the bad job which Canadian Pacific has done, characterized as “an inexcusable job”. Canadian Pacific is disturbed by these statements because they are not true. The officers of Canadian Pacific deeply resent the charges made that their group includes a number of “pencil-pushers and theorists” and the suggestion that the transportation of Canadian Pacific is in the hands of untried and inexperienced personnel because neither is true. I shall, of course, deal with this and other similar charges in full and I expect before the conclusion of this hearing to be able to convince you that they are not true.

Before turning to that aspect of the matter, however, I should like to introduce to you the officers of the Canadian Pacific who are here with me today and describe briefly their positions in the company, their responsibilities, and their experience.

On my far right is Mr. D. S. Thomson, senior vice-president of the Canadian Pacific Railway Company in Montreal. It is to Mr. Thomson that I report and he holds me responsible for the operation of the railway.

Next to Mr. Thomson is Mr. R. E. Taylor, General Superintendent of Transportation with headquarters at Montreal. Mr. Taylor is the chief transportation officer of Canadian Pacific Railway with jurisdiction over the entire system. He brings to his job some 44 years of experience all with Canadian Pacific. Mr. Taylor reports to me and exercises jurisdiction over matters pertaining to transportation, all operating time-tables, operating rules, assignments of motive power and cars and with his staff maintains a day to day check on all matters pertaining thereto and numerous associated details.

At the extreme left is Mr. T. Wood, General Superintendent of the Manitoba District with headquarters at Winnipeg. Mr. Wood is the chief operating officer of the territory which extends from Bredenbury, Neudorf, Broadview, Arcola and Estevan in the west all the way to and including the lakehead in the east. Mr. Wood has 43 years of experience with Canadian Pacific, a large part of which was spent in the transportation department including approximately 1½ years as Superintendent in charge of Fort William terminals.

Next to Mr. Wood is Mr. T. R. Weise, Assistant to the Superintendent of Transportation at Winnipeg whose office functions for both the Prairie and the Pacific regions. He has some 33 years of service with Canadian Pacific.

Next to Mr. Weise is Mr. C. P. Samwell, Supervisor of Transportation for the Saskatchewan District of Canadian Pacific with headquarters at Moose Jaw. Mr. Samwell is the officer who performs on the Saskatchewan District, functions corresponding to those exercised by Mr. Taylor on the system. He has some 37 years of service all with Canadian Pacific.

With Mr. Sinclair you are already acquainted.

Taking the operating officers alone, this group of six men including myself, represents a total of 224 years of service with the Canadian Pacific Railway Company, 133 of which have been accumulated in Western Canada. This group is a representative sample of the much larger body of operating officers located in Western Canada.

To describe that group briefly, I might say that at Winnipeg, Mr. C. E. Lister, Vice President in charge of the Prairie Region is an officer who came from the Transportation Department and has accumulated some 52 years of service. At Vancouver, the Vice President in charge of the Pacific Region, Mr. W. Manson, is an officer who also came from the Transportation Department and has some 47 years of experience behind him.

On their staffs, these two regions have a General Manager and four General Superintendents whose average length of service with Canadian Pacific is 36 years. This group includes Mr. Wood who is present here and whom I introduced to you a few moments ago.

Under the jurisdiction of these General Superintendents there are 14 divisions in which the movement of grain is significant and in charge of each of these divisions is a Superintendent with an average length of service of 32 years. That in brief is a description of the principal operating officers of the Canadian Pacific who are charged with the responsibility for and exercise authority in the management of their respective territories including the movement of grain from and over these territories.

Now, at this point I would like to proceed to the main submission which I will ask to have distributed so that you may have it before you and which may be helpful to follow.

The CHAIRMAN: Has everybody got a copy now? I think we are ready to proceed.

The WITNESS: I may say, gentlemen, that at two or three points in this submission I have some remarks to interject which I will point out at the time as we come to them.

At the outset, I think it would be helpful to describe how a day-to-day check on railway operations of Canadian Pacific is conducted, with particular reference to the movement of grain.

Throughout its history, the operating officers of Canadian Pacific have had deeply impressed upon them the importance of the movement of grain. We are conscious of the fact that, historically, Canadian Pacific was built to open and to serve western Canada and the company has always been fully aware of its responsibilities to the people who settled there. This continues undiminished up to and including the present day. The fact is that the movement of grain to the lakehead and to the Pacific coast for export comprises from one-quarter to one-third of the total volume of freight traffic handled by Canadian Pacific, as measured in revenue ton miles.

Each morning, seven days a week, I receive and review telegraphic reports, covering the previous day's operations. The information pertaining to the handling of grain comprises a very substantial part of the data transmitted in these reports. This information includes a report on the bushels of grain marketed and the cars of grain loaded the previous day. There is shown, for the lakehead and the Pacific coast separately, the grain in store in the terminal elevators, the cars unloaded the previous day, the cars on hand awaiting unloading and the cars in transit from shipping points. These reports also show the shipments from the elevators the previous day and the destination of lake steamers. There is included information concerning the grain in store in interior and eastern elevators.

As I have said, these reports are at my desk seven days a week where Mr. Taylor or, in his absence, his assistant and I review and discuss them. The data included is quite comprehensive and, by following it from day to day, a clear picture of the situation can be obtained, which enables us to take such action as may be required.

When either Mr. Taylor or I, in the pursuit of our duties, are travelling over the system, these reports still reach us by telegraph.

Five days a week, we receive and consider statements showing the car supply situation, with particular reference to box cars. These show the number of box cars on Canadian Pacific trackage, classified according to Canadian Pacific, Canadian National and foreign line ownership. They also show, for Canadian Pacific box cars off its lines, whether they are located on other Canadian railways or on United States lines. The day-to-day change in the situation is reported, as well as the distribution of cars between eastern and western Canada. Furthermore, the reports show the bad order situation, which is the cars under repair expressed as a percentage of total cars on line.

I might also mention that these operating reports are reviewed daily by Mr. Thomson, and that we consult about them as required. When I am away from Montreal, Mr. Thomson holds the usual daily conference with Mr. Taylor or his assistant.

In addition to the consultations I have with headquarters' officers on transportation matters, I have available direct wires to the regional headquarters at Toronto, Winnipeg and Vancouver, which I use for discussion with the regional officers when required.

Now, I have mentioned this in some detail to indicate how closely the transportation situation, and especially the transportation of grain, is followed from day to day.

I have read the typed transcript of the proceedings before your committee for Friday, July 6, and Monday, July 9. From these proceedings it is clear that an impression has been created that Canadian Pacific failed to do everything it could to assist in the marketing of the western Canadian grain crop. It is suggested that Canadian Pacific did not do its job. It is charged that, in the six-week period, between March 15 and April 30, Canadian Pacific let the Transport Controller down. All these allegations can be examined by considering one question: did the performance of Canadian Pacific in the handling of grain during the period mentioned fully meet requirements?

In examining this question there are two aspects to be considered:

First, the over-all performance in the transportation of Canadian Pacific's share of the western Canadian grain crop;

Secondly, the method followed by Canadian Pacific in distributing empty box cars between shipping stations on its lines and the allocation of these cars between elevators at shipping points.

I wish you to understand that the first aspect has a direct and marked bearing on the second. While I am the senior Canadian Pacific officer responsible for all phases of railway operations over the entire system, including the transportation of grain, the detail of car distribution between shipping points in western Canada and car allocations at these points is handled directly by officers on the ground in western Canada who are in close touch with the situation.

For that reason, I think it would be most helpful to the committee if I discussed the first aspect involving as it does the question of the volume movement of grain to the lakehead, which is the key to the whole problem.

Frankly, the difficulty with the movement of grain from areas served by Canadian Pacific has not been caused by Canadian Pacific. Instead, it is due solely to the failure of the persons who control the unloading of cars at the terminals. They have failed to recognize the relationship between the unloading of cars transported by Canadian Pacific to the loading of cars at Canadian Pacific shipping points. This difficulty has been building up for some time and, in spite of everything Canadian Pacific could do, it was unable to secure recognition of this essential relationship. The inevitable result was that Canadian Pacific's grain pipeline in western Canada was throttled by the fact that the spigot at the lakehead was partially closed. This pipeline was filled at the beginning of the current crop year, has remained filled throughout and is still full today. At all times, Canadian Pacific has had a substantial number of cars at the terminal waiting unloading.

There seems no doubt but that the farmers in areas served by Canadian Pacific have not received their fair share of grain shipments in relation to the stocks they had on hand. This is not the fault of Canadian Pacific. It is the fault of the people who control the terminal elevators, such as the Saskatchewan Wheat Pool. They have within their control the number of Canadian Pacific cars they will unload. However, in spite of repeated urgings of Canadian Pacific officers impressing upon them the necessity for increasing the unloading of Canadian Pacific cars, they failed to take the necessary action. As a result, there are farmers in areas served by Canadian Pacific who are restricted to low quotas instead of being on an equal footing with farmers in other parts of the prairies.

I do not intend to discuss specific movements. To do so would be interminable and, as a matter of fact, I do not normally concern myself with specific movements. Transportation over Canadian Pacific is all inter-related. I have a duty to shippers of grain. I also have a duty to shippers of all other commodities. Any use of Canadian Pacific cars for the storage of grain is wasteful and must reflect on availability and cost of transportation service

to not only the shippers of grain, but all shippers of other commodities as well. For that reason I cannot condone the indiscriminate and wasteful use of box cars for the storage of grain.

I would now like to discuss the first aspect of the question before us, that is, the over-all performance of Canadian Pacific in the transportation of its share of the western Canadian grain crop, with particular reference to the six-week period between March 15 and April 30, which might be called the critical period and which, I am sure, will convince you that the statements made in regard to it are unfounded and erroneous.

I should like to say that there are many points in Mr. Milner's evidence before this committee with which I am in complete agreement.

In describing the over-all problem of the transportation of grain, he said:

May I draw your attention to this chart which I think graphically displays, and very plainly displays the point I want to make and that is that the movement from country elevators, when the pipè line for grain is plugged, is dependent entirely on the amount of export shipment and of domestic consumption of grain in the country. It cannot be otherwise; no matter whether it is grain or not, in a pipeline, you can only put in at the source what you take out at the outlet. I think this graph very clearly demonstrates that fact to you. (Proceedings, Fri., July 6, p. 315)

CANADIAN PACIFIC RAILWAY

Agr.

SUMMARY OF LAKEHEAD GRAIN SITUATION

(March 16—April 30, 1956, Inclusive)

	Bushels grain in store (millions)	CANADIAN PACIFIC			CANADIAN NATIONAL		
		Cars on hand waiting unloading	Cars unloaded	Average number of days held	Cars on hand waiting unloading	Cars unloaded	Average number of days held
March 16.....	72.4	1,559	192	8.1	1,163	169	6.9
17 Sat.....	72.4	1,765	14	126.1		11	
18 Sun.....	72.4	1,913					
19.....	72.7	2,008	111	18.1	1,667	170	9.8
20.....	73.0	2,005	124	16.2	1,628	142	11.5
21.....	73.1	1,997	145	13.8	1,594	132	12.1
22.....	73.3	1,942	156	12.4	1,567	146	10.7
23.....	73.3	1,879	140	13.4	1,621	137	11.8
24 Sat.....	73.2	2,058					
25 Sun.....	73.2	2,138					
26.....	72.9	2,180	121	18.0	1,967	171	11.5
27.....	73.1	2,118	127	16.7	1,834	138	13.3
28.....	73.0	2,125	120	17.7	1,964	143	13.7
29.....	72.9	2,059	115	17.9	1,924	148	13.0
30 Hol.....	72.9	2,082					
31 Sat.....	72.8	2,189					
April 1 Sun.....	72.8	2,275					
2.....	72.3	2,326	13	178.9	2,248	13	172.9
3.....	72.6	2,264	114	19.9	2,401	183	13.1
4.....	72.8	2,241	112	20.0	2,286	146	15.7
5.....	72.8	2,295	120	19.1	2,229	143	15.6
6.....	71.3	2,436	151	16.1	2,241	152	14.7
7 Sat.....	69.6	2,486	104	23.9		137	
8 Sun.....	69.6	2,740					
9.....	67.7	2,638	268	9.8	2,253	258	8.7
10.....	63.7	2,439	365	6.7	2,204	452	4.9
11.....	63.1	2,208	451	4.9	2,056	429	4.8
12.....	61.1	1,843	545	3.4	1,797	394	4.6
13.....	59.3	1,442	577	2.5	1,758	414	4.2
14 Sat.....	57.6	1,329	382	3.5		338	
15 Sun.....	57.6	1,499					
16.....	56.8	1,245	460	2.7	1,655	459	3.6
17.....	53.0	1,105	422	2.6	1,426	432	3.3
18.....	50.7	887	428	2.1	1,246	403	3.1
19.....	51.1	859	375	2.3	1,286	434	3.0
20.....	51.9	724	403	1.8	1,274	428	3.0
21 Sat.....	50.0	914	162	5.6		270	
22 Sun.....	50.0	1,361					
23.....	48.8	1,392	402	3.5	1,213	444	2.7
24.....	48.4	1,324	514	2.6	1,029	366	2.8
25.....	47.2	1,270	443	2.9	929	345	2.7
26.....	47.3	1,154	520	2.2	872	357	2.4
27.....	47.7	1,046	450	2.3	897	413	2.2
28 Sat.....	46.9	1,171	276	4.2		234	
29 Sun.....	46.9	1,601					
30.....	49.0	1,625	371	4.4	1,742	485	3.6

SUMMARY

(Not including Saturdays, Sundays and Holidays)

	DAILY AVERAGE		Average Number of days held	DAILY AVERAGE		Average Number of days held
	Cars on hand waiting unloading	Cars unloaded		Cars on hand waiting unloading	Cars unloaded	
March 16—April 30.....	1,762	286	6.2	1,676	279	6.0

And previously, at page 312 of the proceedings, Mr. Milner said:

Now I suggest to you gentlemen that it was not a sensible thing and it would not be a sensible thing for any person to suggest to the railways that they fill cars up and for 15½ days to have the car sitting on a track before it could get unloaded on account of the blocked conditions or congested conditions of the terminals. That is a bad use of transportation. Transportation is rolling stock; it is not storage bins. Box cars were never built to store grain in.

At page 316 of the proceedings, Mr. Milner said:

Mr. Castleden asked me a question as to whether I maintained control over cars going into points, and I said, "I do to this extent: if I see that there are not sufficient cars at Fort William to maintain an adequate supply there to keep the terminals busy, and I consider that number to be in the neighbourhood of 3,300 to 3,500, all I have tried to do is to maintain at the terminal points three times the terminal unloading capacity, or the amount they are unloading at that period.

That is an important point, gentlemen, and I would ask you to bear it in mind.

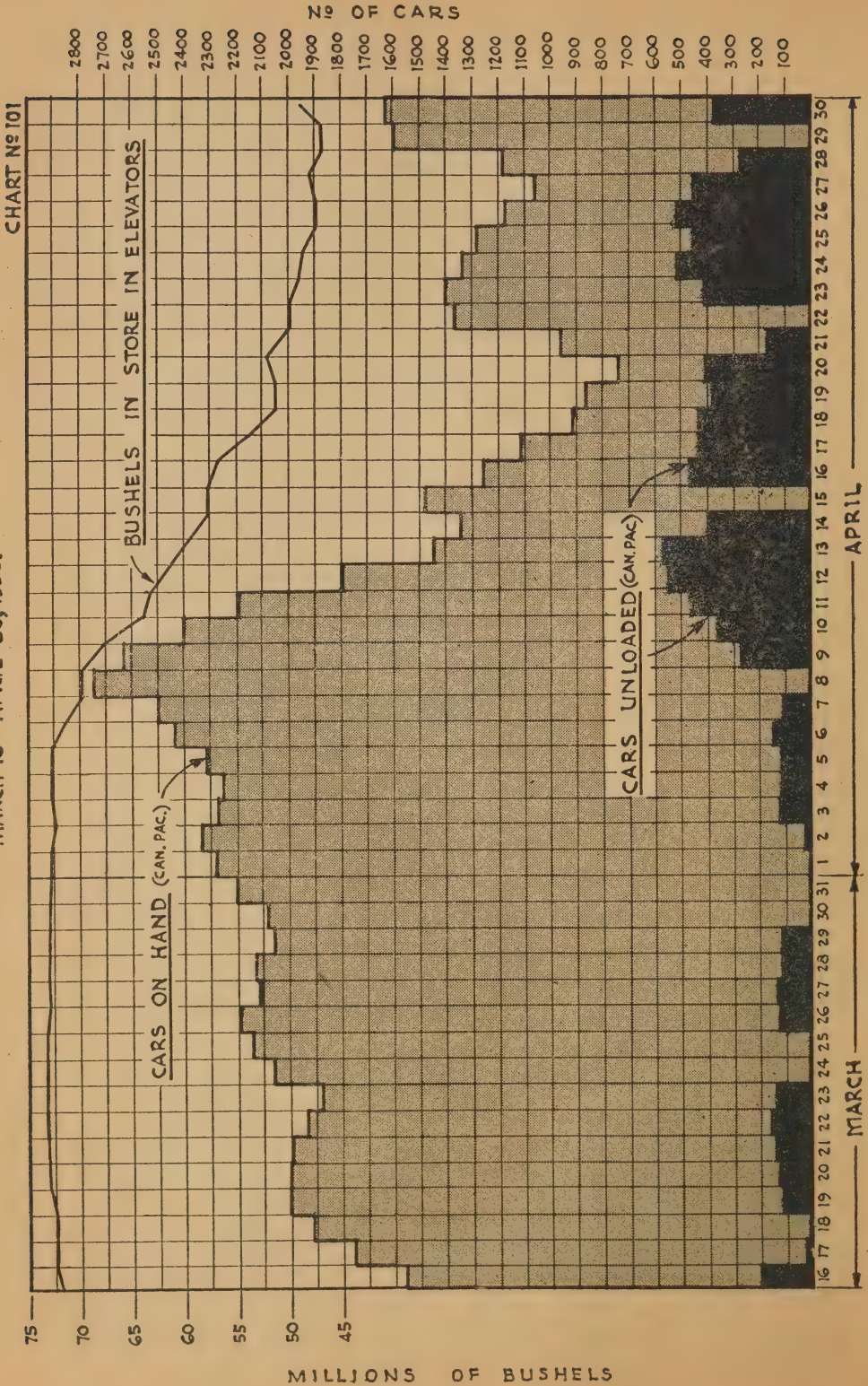
The analogy to a pipe line which Mr. Milner made is extremely apt and is one with which I am in entire accord. I am also completely in agreement with his statement that whether it is grain or not in a pipe line, you can only put in at the source what you take out at the outlet. But, to interject here, what Mr. Milner overlooked is the fact that there is more than one grain pipe line in western Canada. With that background, I now wish to discuss the situation at the two major terminal outlets, namely, the lakehead and the Pacific coast, between March 15 and April 30, the so-called critical period.

First, I wish to refer to the statement entitled "Summary of Lakehead Grain Situation, March 16-April 30, 1956" identified by the number 100 in the upper right-hand corner. This statement shows for each day during the critical period, the bushels of grain in store in the terminal elevators, followed by, for Canadian Pacific, the cars on hand in the terminal waiting unloading, the cars unloaded and the average number of days held waiting unloading; the figures in this latter column are obtained by dividing the cars on hand by the cars unloaded each day. The same information is shown in the last three columns for Canadian National. At the foot of the statement there is a summary showing, for the whole period, the averages of the foregoing data for both railways. The data shown in the first three columns of statement 100 is also shown in a graph identified as Chart No. 101 in the upper right-hand corner.

Looking at the chart we see that the line at the top is related to the figures at the left-hand side of the chart. It shows bushels in store in elevators and clearly indicates that, by the middle of March, the storage space had been filled up at approximately 72½ million. It continued at this level for the balance of the month and well into the first week of April, until navigation opened on April 6. Thereafter, and continuing until April 18, the bushels in store declined rapidly as lake vessels called and received their cargoes, reaching a figure of between 52 and 47 million bushels, where it remained for the balance of the month.

The bars on the chart are related to the figures at the right-hand side of the chart. The shaded bars show Canadian Pacific cars on hand. It will be seen that, from the beginning of the period on March 16, and continuing through to April 8, the number of cars on hand increased from about 1,560 to 2,740. Thereafter, the cars on hand declined rapidly as space became available in the terminal elevators. They reached a low point of about 725 cars on April 20, and subsequently increased during the balance of the month to reach a figure of some 1,625 on April 30. Note particularly that this was higher than the level at the beginning of the critical period.

CANADIAN PACIFIC RAILWAY
SUMMARY OF LAKEHEAD GRAIN SITUATION
MARCH 16 - APRIL 30, 1956.



The solid bars show Canadian Pacific cars unloaded each day. It will be observed that cars unloaded were generally in the range of 100-200 cars daily up until the opening of navigation and thereafter increased rapidly, attaining a peak of 577 cars on April 13. During the balance of the month, they ran in the range of 375 to 520, excepting Saturdays, when apparently only some of the elevators worked. On Sundays no grain was unloaded.

By comparing the solid bars with the shaded bars it can be clearly seen that there was, at all times throughout the critical period, a sufficient number of cars on hand to meet unloading requirements. In other words, the grain pipe line was full throughout.

It will also be observed that, at the lowest point during the critical period, the stock of grain in store at the lakehead had only been depleted by approximately one-third from full capacity of about 72½ million bushels.

In his evidence before your committee, Mr. Milner said:—

We came up to the 15th of November and our stocks averaged something like 59·3 million bushels which is the best place to keep stocks in Fort William if you are going to operate. (Proceedings, Friday July 6, p. 311).

Accordingly, it will be seen that the lowest amount in store during the critical period, 47 million bushels, was about 80 per cent of the best working limit.

From the figures at the foot of statement 100, it will be noted that the average number of days Canadian Pacific cars were held throughout the critical period was 6·2. In only ten days during the critical period, was the number of cars less than three times the daily unloadings which Mr. Milner has given as his assessment of an adequate supply to keep the terminals busy. From a railway standpoint, seized with the importance of obtaining maximum utilization of equipment, I am of the view that Mr. Milner's figure is somewhat on the high side, and that it might reasonably be at 2·5, but in any event, the chart clearly demonstrates that at no time was there a lack of Canadian Pacific cars for unloading at the lakehead. The working of the terminal elevators was never restricted.

It will be seen by the comparison in the summary at the end of the statement that, on the average, Canadian Pacific cars were held waiting unloading for a longer period than Canadian National cars. In other words, Canadian National cars received a faster turn-around. This is indeed surprising if there was a desire on the part of those concerned to secure increased shipments from points on Canadian Pacific lines in order to give recognition to the fact that farmers in areas served by Canadian Pacific had substantially higher stocks of grain on hand, as indicated by the lower Wheat Board quotas in effect.

Turning now to the situation at the Pacific coast, I have read the evidence given by Mr. Milner before your committee. After dealing at length with the situation at Vancouver, Mr. Milner said:

Gentlemen, I suggest to you I do not know how many cars could have been shipped or how a better arrangement of transportation could have been made than as shown on that sheet. (Proceedings, July 6, p. 311.)

That sheet refers to a statement which was distributed to your committee entitled "Board of Grain Commissioners for Canada, Statistics Branch, Vancouver Position", dated Winnipeg, June 28, 1956. In the light of this, I feel it unnecessary for me to deal with the Vancouver situation in detail, but I have looked at it and I can assure you that again, there were sufficient Canadian Pacific cars for unloading. Again, the grain pipe line was full and remained full throughout the critical period. Under these conditions, as Mr. Milner has said, there could only have been put in at the source what was taken out at the outlet.

This situation during the critical period has, in fact, prevailed throughout the entire crop year to date in so far as Canadian Pacific is concerned. The plain fact of the matter is that the control of the volume of the transportation of grain by Canadian Pacific has been the rate of unloading at the terminals. The Canadian Pacific grain pipe lines were kept full in the face of the worst winter weather conditions on the prairies in many years. Neither adverse weather nor the very high level of traffic, other than grain, has been allowed to restrict the movement of grain.

In his evidence before your committee, Mr. Milner dealt, at some length, with the box car situation. At page 313 of the Proceedings he said:

I think before I leave that I should tell you, perhaps some of you know, that the Canadian Pacific Railway has something like 17,000 box cars less than the Canadian National Railways and it was somewhat easier for the Canadian National Railways to get box cars west.

Commencing at page 338, the following exchanges took place between Mr. Tucker and Mr. Milner:

Q. I think my impression is, that what has been mentioned about the situation in southwestern Saskatchewan at C.P.R. points, not only prevails there, but in other parts of Saskatchewan. I think that is true, is it not?—A. That is correct, sir.

Q. It seems to me that that does lend the basis to the suggestion that it is not entirely due to the desirability of the grain, from the standpoint of getting rid of it, but rather it is due to the relative inadequacy of the C.P.R. as compared with the C.N.R. in supplying box cars.—A. That does not exist today, as you know, Mr. Tucker. They have an adequate number of box cars—in fact, the C.P.R. has today more box cars in the west than the C.N.R.

Q. When you spoke of the number of box cars, did you refer to the total number of box cars, or the number of box cars used for the movement of grain?—A. When I talked about box cars some time ago, it was in respect to the total number of box cars owned by the companies. The figures were approximately 48,000 box cars for the C.P.R. and 65,000 box cars for the C.N.R.

Q. But in spite of that, they have today more box cars to handle grain than the C.N.R.?—A. In western Canada. As a matter of fact, from the box car requirement point of view, I spoke to Mr. Crump about the box cars of the C.P.R., and they put 58 per cent of the total box cars which they owned in western Canada from May 1 on. Prior to that there was only 50 per cent of the box cars that they owned in western Canada. That was a marked difference in the number of box cars that we had available.

As at April 1, 1956, the difference in box car inventory of Canadian Pacific and Canadian National was approximately 15,000, based on Railway Association of Canada figures. The respective figures were: Canadian National 63,480 and Canadian Pacific 48,558.

In considering this matter, it must be borne in mind that Canadian National has a more extensive mileage of railway in eastern Canada than has Canadian Pacific, and consequently, requires a larger number of box cars in that area. The mileage of the two roads in western Canada is approximately the same. From Canadian Pacific records and information secured from Canadian National, there were, at April 1, 1956, 21,862 C.P. and foreign box cars on Canadian Pacific lines in western Canada, whereas Canadian National had 21,979 C.N. and foreign box cars on its western lines.

In the next sentence I shall correct the wording of the brief to read as follows: in other words Canadian Pacific had in the west, box cars representing 50.7 per cent of box cars on line, whereas Canadian National had only 34.6 per cent of the box cars on its line there.

However, there are other factors besides the ownership of box cars to be taken into account in considering the number required to handle traffic. There is, in the first place, the matter of the distribution of cars, i.e., the number of cars owned which are off line on foreign roads, and conversely, the number of cars of foreign ownership which are on line. During the early part of this year, Canadian Pacific had a substantial number of its box cars off line, particularly in the United States, where they had moved under load with commodities, such as pulp, paper, lumber, fertilizer and metals. No one can doubt the need to handle this export traffic.

In spite of pressure on United States lines, Canadian Pacific had great difficulty in securing the return of its cars. Accordingly, to alleviate the situation, Mr. Taylor and I decided to move United States owned box cars which became available in eastern Canada to western Canada, where they were used to meet demands there. You can readily appreciate that this action entailing empty movements of cars over 2,000 miles, was costly. Nevertheless, that is the decision we took and the expense was incurred because of the tight car supply situation.

Another matter affecting the availability of box cars is the bad order ratio, which I mentioned earlier. For many months now, as the result of an intensive campaign to maintain cars in serviceable condition to the fullest possible extent, the bad order ratio of Canadian Pacific has been running around 3.0 per cent, which is substantially better than that of the Class 1 roads in the United States or the Canadian National.

Another factor affecting car supply is utilization of available equipment. An increase in the number of car miles per car day is equivalent to an increase in inventory. Canadian Pacific has carried on a vigorous campaign over recent months to improve car utilization. The result is that during the first five months of this year, freight car miles per freight car day rose from 45.6 to 50.9 as compared with the same period in 1955. This was achieved in the face of all the difficulties created by the extremely severe weather conditions in western Canada and the lengthy delays to cars of grain at the terminals, especially the lakehead.

In the distribution of box cars, Mr. Taylor and I consider the movement of all commodities over all parts of the system. This includes the substantial segment represented by the transportation of grain from the bay ports to West Saint John during the winter port season.

The point I wish to make is that without knowledge of all of these factors, no one could determine whether box cars were distributed to the best advantage or not. I say they were.

There have been difficulties. In each of the first six months of this year the freight traffic handled over the Canadian Pacific system as measured in pay loads handled has exceeded that for the corresponding month of any previous year. In spite of everything, the fact remains that the movement of grain in western Canada was not limited or restricted by the supply of box cars. Whatever box cars were required were supplied for the movement of grain in preference to other traffic. Whatever delays or loss of traffic occurred, was experienced by other traffic, not grain.

Finally, on the box car situation, I wish to discuss the statement made by Mr. Milner that following his appeal to Mr. Crump, the percentage of Canadian Pacific owned box cars in western Canada rose from 50 to 58.

As stated earlier, on April 1 Canadian Pacific had in the west box cars representing 50.7 per cent of the box cars on its line. On May 1, the corresponding figure was 58.0 per cent. This increase was basically due to the cessation of the movement of grain from the Georgian bay ports to West

Saint John, coincidental with the opening of navigation to Montreal. As a result, a substantial number of box cars which had been in that service during the winter were released for use elsewhere.

Indeed, a very similar increase occurred on Canadian National, where the percentage of box cars in western Canada rose from 34.6 per cent as at April 1, which I mentioned earlier, to 41.4 per cent as at May 1.

As Canadian Pacific did not fall down on the job, what then went wrong with the movement of grain from C.P. points in western Canada during this crop year? It is evident that quotas in effect at stations on Canadian Pacific lines are, on the whole, lower than quotas on Canadian National lines.

To assist your committee, Canadian Pacific has endeavoured, with the information at its disposal, to make some analysis of the flow of grain in western Canada. Whatever the share of the total amount of grain at country points which Canadian Pacific is expected to move, it is abundantly clear that, in order to do so, it must be accorded the same share of the total unloadings at terminals. If, instead, Canadian Pacific is accorded a smaller share of unloadings, the inevitable result will be that marketings at Canadian Pacific country points will be lower than what was expected. Conversely, marketings at Canadian National country points will be higher than expected. The interaction of these conditions will produce disparity between shipping points on the two roads. It was this, and not a shortage of box cars supplied by Canadian Pacific for the loading of grain which, in the words of Mr. Milner, "has created a lopsided condition as between Canadian Pacific and Canadian National in the west." (Proceedings, Fri., July 6, p. 313)

STATEMENT No. 104

CANADIAN PACIFIC RAILWAY

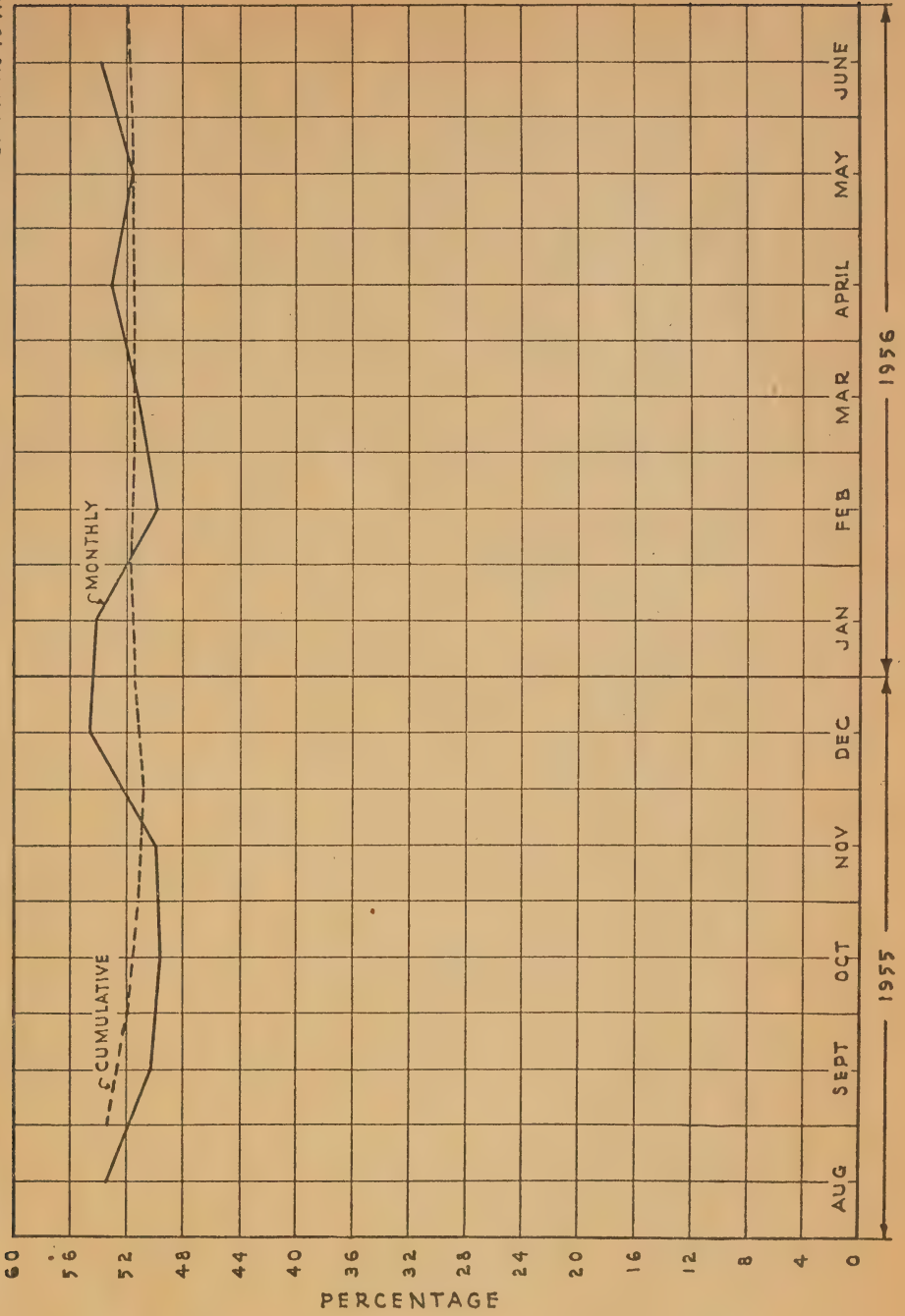
Percentage of Grain Car Unloadings—(Western
Canada) accorded to Canadian Pacific
Crop Year 1955-1956

	% of Total C.P.—C.N. Grain Unloadings Received by Canadian Pacific	Cumulative Percentage for Crop Year to End of Month
1955		
August	53.4	53.4
September	50.2	52.0
October	49.7	51.2
November	49.9	50.9
December	54.6	51.5
1956		
January	54.1	51.9
February	49.8	51.5
March	51.3	51.5
April	53.1	51.7
May	51.7	51.7
June	53.9	52.0

The development of this situation during the current crop year is shown by statement No. 104 entitled "Percentage of Grain Car Unloadings (Western Canada) Accorded to Canadian Pacific, Crop Year 1955-1956". This statement shows, in the first column, the percentage of total CP-CN grain unloadings accorded to Canadian Pacific in each month. In the second column, there is shown the cumulative percentage for the crop year to the end of each month. The data on this statement is also shown on chart No. 104A.

PERCENTAGE OF TOTAL CP-CN GRAIN UNLOADINGS
AT WESTERN CANADIAN TERMINALS,
INTERIOR ELEVATORS & MILLS
ACCORDED TO CANADIAN PACIFIC

CHART No 104A



By reference to the table and the chart, it will be noted that, in August, Canadian Pacific was accorded 53.4 per cent of the total unloadings, but in September its share fell to 50.2 per cent, in October to 49.7 per cent and was only 49.9 per cent in November. The cumulative effect was to drag down the share of total unloadings accorded to Canadian Pacific from 53.4 per cent at the end of August to 50.9 per cent at the end of November.

During each of these months in which the share of unloading accorded to Canadian Pacific was markedly depressed, it had a substantial supply of cars on hand waiting unloading, particularly at the lakehead. The average number of working days Canadian Pacific cars were held for unloading at the lakehead was: in September 8.7; in October 5.9; and in November 4.7.

In all likelihood, this situation was brought about by heavy Canadian National unloadings at Churchill during September, October and extending into November, without an offsetting increase in the percentage of unloadings accorded Canadian Pacific at the terminals which it serves.

In order to illustrate this point, chart No. 105 shows, in diagrammatic form, the grain pipe line system of western Canada. While the principal terminals, the lakehead and Vancouver are served jointly by both Canadian Pacific and Canadian National, in addition, Canadian National serves exclusively the terminals at Churchill and Prince Rupert. Both roads also serve interior terminal elevators and mills, but the unloadings at these do not bulk large in the overall picture. Accordingly, if Canadian Pacific is to move, say 55 per cent of the total crop in any given year, and must, therefore, receive 55 per cent of the total unloadings, then on account of the exclusive Canadian National terminals, Canadian Pacific must necessarily receive something more than 55 per cent of the unloadings at the terminals to which it has access. The fact is that in the current crop year Canadian Pacific was not accorded a percentage of unloadings commensurate with the percentage of the grain which the Wheat Board evidently wished it to handle.

In the light of this analysis, it is no wonder that farmers in many areas served by Canadian Pacific lines were on low quotas and that the problem of car allocation between elevators proved so difficult.

It is of interest to note also, from statement No. 104, that during March, Canadian Pacific was only accorded 51.3 per cent of total unloadings, although it had a substantial number of cars on hand at the lakehead. The average number of working days, which for the latter half of the month is shown on chart No. 101, these cars were held waiting unloading was 10.4. Statement No. 104 shows that in April, Canadian Pacific was accorded, and met, 53.1 per cent of total unloadings and still had a substantial supply of cars on hand. This is shown by the fact that the average time cars were held at the lakehead waiting unloading was 4.6. The fact is that April was one of the better months for Canadian Pacific during the current crop year, in that its percentage of unloadings was higher than in most of the preceding months. This point is clearly illustrated on chart No. 104A. I am sure in the light of this information your committee will understand why Canadian Pacific deeply resents the suggestion that it fell down on the job.

It may be of interest to your committee to know what Canadian Pacific did in an endeavour to secure an increased share of unloadings.

This matter has occupied a good deal of time and attention of Canadian Pacific officers. Early in March, or just before the critical period, I was in western Canada. On Saturday, March 3rd, I was in the Saskatoon area and received, according to the routine which I have previously described, my operating reports. After studying them, I sent the following telegram:

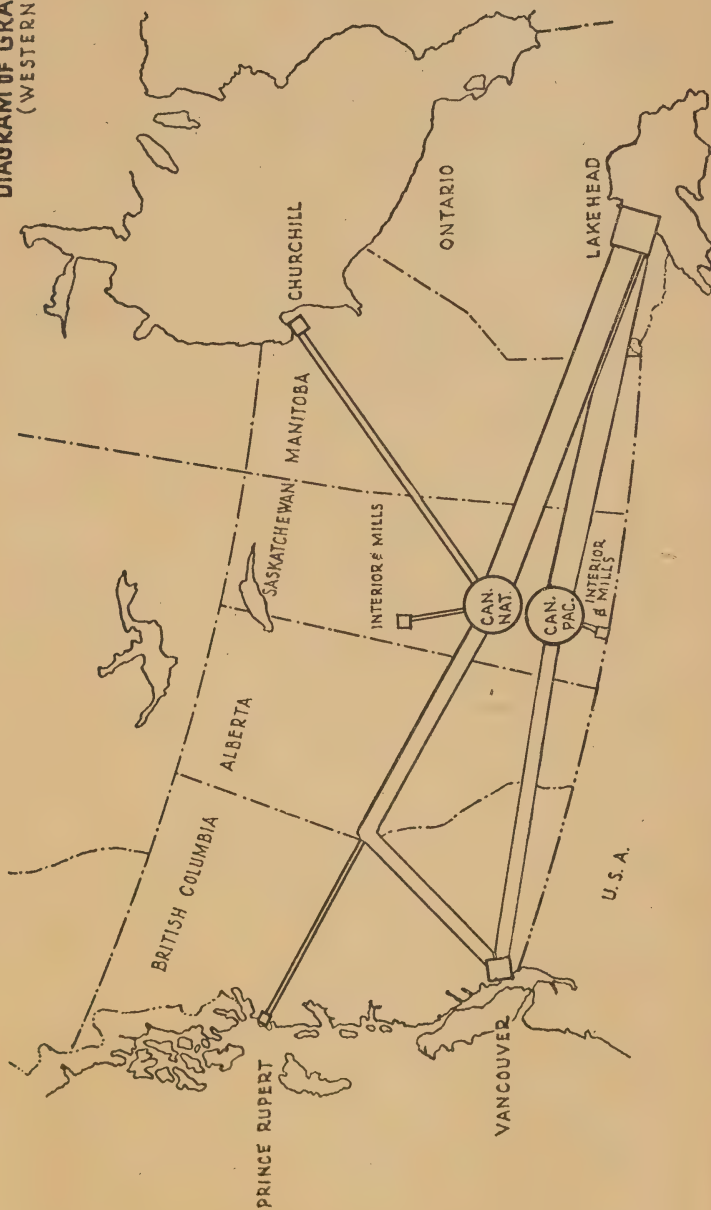
WYNYARD, MARCH 3, 1956.

W. Manson Vancouver

As soon as traffic conditions Mountain Sub. stabilized please press for increased grain unloadings Vancouver advising results.

CHART No 105

CANADIAN PACIFIC RAILWAY
DIAGRAM OF GRAIN PIPELINES
 (WESTERN CANADA)



For your information our Mountain subdivision is the territory which extends from Field to Revelstoke and we had experienced a snowslide at about that time which retarded the movement of traffic temporarily.

The reply, dated March 5th, from Mr. Manson, was as follows:

Matter in hand vigorously and expect improvement this week. Unloadings somewhat hampered last week due to late arrival ships account storm which resulted in lack of working space in elevators. Have advice eight and one half millions wheat sold Russia to move over next three months.

As mentioned earlier, Mr. Manson is our vice-president in charge of the Pacific region.

Later, on March 12th, when I had reached Vancouver, I sent the following telegram to Mr. Lister, at Winnipeg, who, as mentioned, is the vice-president in charge of our prairie region:

With accumulation of grain under load at lakehead please press for increased unloadings.

Towards the end of March, when I had arrived back in Montreal, I wired Mr. Lister as follows, under date of March 26:

With 460 cars on hand, please press for increased unloadings at Sask Pool elevator A Fort William. Wheat Board should be made aware of this situation pointing out that holding of this excessive quantity will now interfere with our supply of cars for grain movement after opening navigation.

Again, on March 31st, I wired him as follows:

What are prospects for increasing unloads Sask Pool "A". Understand that in addition to 442 cars on hand lakehead there are also 331 cars held Kenora and Ignace.

You will note the reference to cars held at Kenora and Ignace, which were in addition to those on hand at lakehead, numbering, in total, 2082 as of March 30, which was the report I was receiving on the 31st. Which you can check if you will refer to statement No. 100, March 30, Canadian Pacific cars that were awaiting unloading 2082.

On April 2nd, the following reply was received from Mr. Lister:

Indications are cars will not be released in volume until approximately April 9th.

Again, on this same subject, on April 23rd, I wired to Mr. Manson as follows:

Please ascertain from Transport Controller's representative the prospects for grain movement out of Vancouver which will enable cars under load to be released and returned to prairie points. We cannot afford to continue loadings at present rate if equipment is going to sit around waiting unloading.

On the same date, he replied as follows:

Transport Controller's representative informs me 4 vessels now loading, 4 due by Wednesday, followed by 6 full cargoes due Vancouver end of week. Should clear approximately 3 million bushels for balance of month or from 10 to 11 million for the entire month. There are 32 ships all told nominated to May 5 which includes those in port. Sales are 9 million for balance of April which means a carry over, May sales 11 million, and June 9½ million. This is wheat only, approximately 1 million barley to be added. Elevators are pressed for working room and unloading of cars depends entirely on volume loaded to vessels. Not as many cars unloaded recently due to boats not arriving as anticipated, but am informed prospects now better. Controller's representative feels should unload a total 300 cars each working day, but this

again depends on arrival of vessels which entirely governs situation. Am continuing to press for good percentage of unloadings. We have 1736 cars on wheels today and C.N.R. 1466.

On April 27th I went back to Mr. Manson as follows:

You might point out to Mr. Kane that our share of unloadings is running nowhere near the 75 per cent mentioned by the Transport Controller and that as a result number of cars under load is increasing rapidly.

I should interject here that Mr. Kane was the Transport Controller's representative at Vancouver and that 75 per cent figure arose from a telegram which the Transport Controller sent to the President saying in effect that the Wheat Board wished to move some wheat to Vancouver, that 75 per cent of the orders had been placed on Canadian Pacific lines and could we handle or would we want him to arrange to move the wheat from Canadian National points in Saskatchewan and the president's reply to that—I do not have it in front of me to quote, but his reply was: "We will handle providing cars are unloaded and released promptly".

And, on the same date, Mr. Manson replied as follows:

No mention 75 per cent made by Kane here, but we have worked basis we should have 65 per cent split. However, Kane states so long as C.N. continue loading at present rate, this not possible and unloads must be in direct ratio to cars under load both lines.

Gentlemen, that is extremely important and I would like to read that last bit again:

...unloads must be in direct ratio to cars under load both lines.

The exchanges I have read to your cover the entire critical period. The last communication is particularly informative. It clearly indicates that, in determining the share of unloadings to be accorded each road, the policy was to make this division on the basis of the number of cars under load at terminals. In other words, one principle was set up in respect of the share of grain which Canadian Pacific should take into its pipe line, but another and different principle was applied to the control of the outlet of that pipe line. Put in simple form, the spigot at the end of the Canadian Pacific grain pipe line was partially closed while that at the end of the Canadian National pipe line was correspondingly opened. Again I say, the position in which farmers adjacent to Canadian Pacific lines now find themselves was inevitable.

Let me interject an analogy. To make the whole problem crystal clear would you let me suggest this? Assume there are two lakes of grain in western Canada. One lake is dained by Canadian Pacific and the other by Canadian National. The Canadian Pacific lake is somewhat larger than the Canadian National lake. Assume that the Canadian Pacific lake holds 55 per cent of the grain and the Canadian National lake 45 per cent. At the beginning of the crop year, both lakes are filled. In fact, the flood of grain has overflowed into the backyards of the farmers who live along the shore. The Canadian Pacific lake has two pipelines draining it, one to the ocean at Vancouver and one at Fort William; the Canadian National is also drained by pipe lines leading to Vancouver and to Fort William but in addition it has pipe lines leading to Churchill and Prince Rupert. The control of the level of both lakes is exercised by the people at the outlets from the pipe line, the spigots. If in the exercise of that draining the people at the spigots draw off less than 55 per cent of the total grain from the Canadian Pacific lake and necessarily then draw off more than 45 per cent of the grain from the Canadian National lake, the inescapable result will be that the level of the Canadian National lake has lowered more rapidly than the level of the Canadian Pacific lake.

The farmers along the Canadian National lake will find their fields drained and dry while the farmers on the shore of the Canadian Pacific lake will still have their backyards flooded with grain.

I hope this analysis will be of some assistance to your committee. I hope that it will remove from the minds of all of you, from the minds of other members of the house and from the people of Canada at large the erroneous impression which unfortunately has been created. I go further to express the hope that this committee will see fit to do everything in its power to erase the unwarranted criticism to which Canadian Pacific has been subjected.

The CHAIRMAN: Have you got any other witnesses that would like to follow now?

Mr. SINCLAIR: With your permission, Mr. Chairman and members of the committee, I think it would be most helpful in getting all these facts now if any questions that the committee or yourself had for Mr. Emerson were put now. Our other witnesses would then follow—Mr. Samwell and Mr. Thomson—but I think that as the major part of the presentation of the Canadian Pacific is that set forth by Mr. Emerson it would be most helpful if he were asked questions now.

Mr. POMMER: It is five minutes to one, I wonder if we might adjourn until the afternoon and then hear any questions at that time.

The CHAIRMAN: Perhaps it would be as well to adjourn.

Mr. ARGUE: It we adjourn I am quite agreeable to ask my questions after lunch.

The CHAIRMAN: It is almost one o'clock. Maybe we can adjourn and meet this afternoon, same room at 3.00 o'clock.

— Luncheon adjournment.

AFTERNOON SESSION

TUESDAY, July 17, 1956.

3.00 p.m.

The CHAIRMAN: Order, gentlemen. Before we go on, let me say that I received a wire from the Skiff Board of Trade of Skiff, Alberta, in which they complain that their quota is still at four bushels.

Mr. ARGUE: What railway line is that company on?

The CHAIRMAN: I am afraid that your geography is as good as mine in Alberta, and we will add that wire to the other two letters which we had this morning.

(See appendix A)

We have reached the question period, if anybody has any questions. Mr. Argue?

Mr. R. A. Emerson, vice-president of operations and maintenance, Canadian Pacific Railway Co., recalled:

By Mr. Argue:

Q. We heard from Mr. Emerson this morning. In my experience gained in attending committees I do not think we have ever seen such a strong representation from any single organization, and so many high-ranking officials. If Mr. Crump was unable to come because he had to leave for Europe, I think in terms of years in the railway business that 249 is the total represented in

this room, and we probably have an adequate substitute. I would like to ask Mr. Emerson, if the brief which he presented was made in consultation with some of the other people in this room?—A. Mr. Argue, the brief is my brief in the sense that it has my concept behind it. However, I have had Mr. Sinclair's collaboration in its preparation and it has been shown, reviewed by and submitted to the other gentlemen of the Canadian Pacific here for their criticism, comment, flaws, and anything of that nature that you like.

Q. Including Mr. Thomson who I take it is the senior man here today?—A. That is correct.

Q. It seems to me from running through your brief that your great objection was to the unloadings, the unload days and the percentage of unloads given to the Canadian Pacific Railway and you refer to the grain as a pipeline or as a number of pipelines, and that you were hampered or controlled in this operation to the extent of unloadings at the end of the pipeline or pipelines.—A. Yes. The spigots at the end of the pipelines control the flow to the pipelines, and those spigots are not in our hands.

Q. Would you mind explaining to me what spigots are?—A. I do not know how I can make it much clearer. They are the taps by which you turn the unloadings on or off.

Q. You listed the number of days it took to unload in your exhibit 100.—A. The average number of days.

Q. Yes, the average number of days in the controversial period, or a six weeks period?—A. Yes.

Q. Do I take it from your brief that the average number of days taken to unload a car of grain in this period for the Canadian Pacific Railway was 6.2?—A. The average number of days excluding Saturdays, Sundays, and holidays; if you included those days, it would automatically be longer.

Q. You are not complaining that they are not being unloaded during holidays I take it, and that is why you do not include them.—A. I merely pointed out the basis.

Q. That is correct; and the Canadian National Railways average number of days to unload was six.—A. 6.0.

Q. The difference in those two figures is about 3 per cent?

The CHAIRMAN: No, two-tenths.

By Mr. Argue:

Q. It is two-one-hundredths of one per cent, and if you relate the 6.0 to 6.2 it is 62, and there is a difference of 266.—A. .2 days, I think 1/30—I make it 3.33 per cent.

Q. Yes. I was using a correction.—A. But let me point out that the way you have to look at that is to relate the .2 days longer that the Canadian Pacific Railway cars were held as against the number of cars unloaded, which was 286. On the average therefore, each one of our cars as held for one-fifth of a day longer which meant a loss every day.—Mr. Sinclair here is doing the mathematics—I think it is 57.2 car days each and every day.

Q. The difference in the number of days was .2?—A. The difference in the average number of days held, yes.

Q. Yes; but could you give me some idea of the average number of days in normal times let us say that it takes a boxcar, from the time it is loaded until it is unloaded and returned to be loaded again, and makes the complete circuit?—A. To make the whole circuit?

Q. Yes.—A. Oh, I have not any firm statistics on that, but in the grain service it might be about fifteen days. Perhaps I would have to qualify that statement.

Q. That would allow for a two day unloading period?—A. Yes, something like that, but not including surely a 6 day.

Q. No, approximately a two day unloading period which is included in the 15 day circuit.—A. Something like that.

Q. Would it take the Canadian National Railways any longer to make the circuit?—A. I would not know.

Q. You have no information?—A. I have no information, but I would be very much surprised if they took less.

D. Do you think it might be about the same? Do you see any reason why one would be likely to be a little longer than the other?—A. I think that we would probably be shorter in time than the Canadian National Railways.

Q. Yes; so how long would the Canadian National Railways time be?—A. I am sorry, but I do not know enough about their operations to say.

Q. If that is correct, then the Canadian Pacific Railway should be able to haul—all other things being equal—a greater quantity of grain with fewer boxcars.—A. With a given inventory?

Q. Yes, than the Canadian National Railways, if the circuit is shorter, but the boxcars should do more work in a given period.—A. And if they receive the same unloading time?

Q. Yes.—A. That is correct.

Q. If the travelling time for the Canadian National Railways for their boxcars in making the circuit is longer than the travelling time for the Canadian Pacific Railway boxcars, I would suggest to you that even with the .2 day additional time it takes to unload the Canadian Pacific boxcars, that in all probability the Canadian Pacific boxcars, in the total time, would take less than under these circumstances.—A. I cannot say. It is possible; but I say in any event that it is immaterial and irrelevant.

Q. You do not know from your own knowledge whether or not that is correct?—A. Whether our time is shorter or longer than that of the Canadian National Railways?

Q. Approximately the time that it is shorter?—A. No.

Q. Could you tell me the average number of miles that a boxcar would have to go in making this circuit. In other words, if you have 100,000 boxcars unloaded—Canadian Pacific boxcars unloaded at terminal elevators in a one year period, what is the travelling time of the boxcars? What is the average number of miles per boxcar?—A. Well, assuming that Regina, if you like, is the centre of gravity of the grain growing area on the Canadian Pacific Railway, it is not perhaps too far off. The distance from Regina to the lakehead would be in round figures around 800 miles.

Q. I have seen figures very close to that. What would the central point be for the Canadian National Railways area?—A. I am sorry, but I cannot tell you. I am not here as an expert on Canadian National Railways operations. I have quite enough of my own.

Q. Taking your statement into account that the Canadian Pacific distance is in fact shorter, and on the basis of your statistics for this limited period, it would seem to me that the advantage accruing to each railway company is almost equal, or, if anything, judging from what you have said, the Canadian Pacific has the edge because of the difference between six days and 6.2 days which is a pretty tiny amount.—A. I think you missed the point to the whole thing; you are missing the point completely, if I may say so.

Q. Well then, would you please explain the point?—A. The point is that the rate of unloading governs the rate of loadings; the time in transit and the length or distance in transit, whether it is 100 or 1,000 miles would have no bearing.

Q. It is the number of boxcars that are unloaded rather than just the rate; and if you had 50 per cent more boxcars and they had all been unloaded,

that would have been the figure you have?—A. If we had 50 per cent more boxcars, I don't mean to say there that any more would have been unloaded.

Q. I am convinced from the evidence you have given us today that the number of days they were held, the .2 fraction, does not account for this.—A. The significance of that figure is simply this: that if the Wheat Board and the Transport Controller and the elevator companies, such as the Saskatchewan Pool were concerned, I would think they should have been concerned, about the fact that their shipments from Canadian Pacific lines were lagging behind shipments from Canadian National Railways, and thus they should have speeded up the unloading of Canadian Pacific cars; that is the point.

Q. I suggest to you that the people to whom you have referred have come about as near to providing equality between the two railway companies on the basis of your evidence in the brief, in the number of days taken to unload, when you set forth the 6.2 and the 6, and that it is just about as near as I can see any two things being.—A. It was not a question of equality. The thing they should have been equalizing was the quota from the shipping points, and not the turn-around time increase.

Q. I am a farmer and I know the quota from the shipping point, and I know what has delayed any farmer with his grain at a country elevator; it is not the quota by any means. The quotas are always ample for the boxcars that are available. Have you the number of waiting days for your boxcars for the whole of the period, not merely for the six weeks period that you have given?—A. Yes, I have that information, Mr. Argue. I will give it to you for the lakehead for the whole of the present crop year to the end of June commencing in August 1955. Canadian Pacific cars average number of days held not including Saturdays, Sundays and holidays.

Q. You may be giving more than I asked for. I do not mind getting the figures, I am very pleased to get them. But my question is as to the average for the end of the year. Have you that?—A. I have it for the whole of the month.

Month	Canadian Pacific	Canadian National
August 1955	7.3	5.5
September	8.7	5.3
October	5.9	4.8
November	4.7	4.4
December	3.9	4.1
January 1956	5.6	4.8
February	3.5	4.2
March	10.4	8.2
April	4.6	4.9
May	3.1	3.7
June	3.2	3.6

Q. Have you the statistics for the number of days it took to unload C.P.R. cars in other whole years?—A. No, sir, I am sorry, I did not go back to examine that because I did not think it was a matter of relevance to the questions at this hearing.

Q. I am not acquainted with the facilities for unloading at any of these terminals and I am wondering whether this was not a factor that generally speaking throughout the year for some reason or another, it has taken somewhat longer on the average to unload Canadian Pacific cars than Canadian National cars?—A. I am sorry, I did not get the question.

Q. I am just wondering whether if you looked back for the last 10 or 15 years whether or not it is likely that within that longer period it took a larger number of days to unload C.P.R. cars than C.N.R. cars. I am not

acquainted with the facilities but it seems to me if you had especially good facilities on the one railroad in relation to the other it could be a relatively consistent pattern. I do not know that that is the case?—A. I cannot say as to the longer period. I do not know. I have not looked at it. It is not relevant to this situation.

Q. I think it might be relevant because if these historical patterns—we hear quite a lot about historical patterns and so on—this might have something to do with it in a certain period.—A. I am sorry, I must say again that has absolutely no bearing on the movement of grain on the C.P.R. line.

Q. I think it has, in great deference, a great deal of bearing.—A. It was not a retarding influence, that is to say, the rate of shipments on the C.P.R. line was not retarded by lack of boxcars.

Q. I think that it was retarded because of lack of box cars because if you had had more box cars hauling the grain and had received the same relative proportion, there is no doubt about it that the C.P.R. would have unloaded more box cars, no doubt about it in my mind whatever.—A. Oh, I see your point, if we had had the same box cars in service and we received the same percentage of unloadings, the same share of unloadings, shall I put it that way—

Q. Yes.—A. No, I am sorry I cannot agree with you. The share of unloadings was not related to the box cars in service in the whole circuit, if you will, because at any given time no one knows what that is. The share of unloading in Mr. Kane's information which was given to Mr. Manson and which I quoted on page 19—was that unloadings must be in direct ratio to cars under load both lines.

Q. Yes, I would agree with that.—A. That they should be?

Q. Yes, and that there is a general relationship, yes. There definitely is. My friend here has done some calculating and if I had done it it might be subject to correction, but since he has done it this would show that the average time for unloading from the figures you have given us for the whole of the crop year to the end of June shows 4.62 for Canadian Pacific box cars and Canadian National 4.866.—A. I am afraid I cannot accept that, because you cannot make that sort of calculation that way. From the figures you have you could only strike an arithmetical average which would not be a true average at all. It would have to be a weighted average in relation to the number of cars to any particular number of cars unloaded each month.

Q. I suggest if you got a weighted average it would be quite comparable. You have taken quite a slam at the Saskatchewan pool in your brief at page 4:

There seems no doubt but that the farmers in areas served by Canadian Pacific have not received their fair share of grain shipments in relation to the stocks they had on hand.

I might say it has taken us quite a little time to establish that point and I am glad you agree with us.

This is not the fault of the Canadian Pacific. It is the fault of the people who control the terminal elevators, such as the Saskatchewan Wheat Pool. They have within their control the number of Canadian Pacific cars they will unload.

My question is this: has the Saskatchewan Wheat Pool followed a policy generally different than that followed by other elevator companies in the grain business as far as the Canadian Pacific Railway unloadings are concerned; in other words, have you singled out a company and an organization which in your opinion has not given you a fair shake and that the others have given you a somewhat better arrangement or is it a general situation?—A. Let me say this. In respect of holding cars on hand in unreasonable quantities for unloading at the lakehead, the Saskatchewan pool has been notorious.

Q. What about the Manitoba pool?—A. I do not know, I have not looked at the Manitoba pool. The Saskatchewan pool has been especially notorious.

Q. Has there been another notorious company?—A. Nothing like the Saskatchewan pool.

Q. Have you any explanation for it?—A. I am sorry, that is not within my ken.

Q. You complained that your percentage of unloadings at Vancouver were not as high as they could be, in the last few pages of your document?—A. Yes.

Q. In the face of the complaint, the Canadian Pacific general percentage of unloadings at the Vancouver terminal—

Mr. DIEFENBAKER: I wonder, Mr. Chairman—I do not want to break in on Mr. Argue but he has now gone out to Vancouver and I wonder if we could finish the situation as far as Fort William is concerned rather than go on to Vancouver because we can return to that after a while.

Mr. ARGUE: The reason, Mr. Diefenbaker, I was raising this was that it all had to do with percentage of unloadings and it seemed to me while I was on the item of percentage unloadings at the terminals I might as well include all the terminals and see what the total picture was.

Mr. DIEFENBAKER: Very well.

The WITNESS: Mr. Argue, I have not made a study of that, but I will give you this information if it will be helpful to you at all and it is a figure taken off my morning report which I received this morning and which I described to you.

Cars Unloaded

	<i>C.P. since August 1955</i>	<i>C.N. since August 1955</i>	<i>N.A.R. since August 1955</i>
This year	33,661	25,489	1,617
Last year	34,250	16,302	1,468

Now, a significant factor to be drawn from that is the proportion of Canadian Pacific to total unloadings at Vancouver has gone down quite substantially, I would say, as compared with last year and conversely the Canadian National proportion has gone up.

Q. Are those for grain or wheat?—A. That is all grain.

Q. Well, I have in my hand a document taken from the Dominion Bureau of Statistics publication. It is entitled "Rail Shipment of Grain" and I see that for a 12 year period 1943-44 to 1954-55 inclusive that the Vancouver-New Westminster port has had shipments of 298,729 cars for the C.P.R. and the C.N.R. 187,807 and on the basis of that table the Canadian Pacific Railway shipments of grain to that area have been 61.3 per cent. So that suggests—A. Over the 12 year period?

Q. Yes. So that suggests to me that when the C.P.R. was offered an unloading percentage of 65 that it was not only being given fair treatment but it was being given just a little extra as compared to its long term percentage unloadings at that port.—A. May I ask where you derived the impression that the Canadian Pacific was offered 65 per cent unloadings at Vancouver?

Q. Well, your reference was—I do not want to put in your brief something that is not there—that you have made representations to have 75 per cent through Mr. Kane and would like 75 per cent of the unloadings to be Canadian Pacific and as they worked out rather than the 75 per cent mentioned by Mr. Kane you figure that you would have a 65 per cent split.—A. But the point about the 75 per cent had reference to a particular period in which the Transport Controller specifically asked us if we could handle 75 per cent of the movement to Vancouver.

Q. So that your unloading percentage in this period had nothing to do with your bad record for the whole year. It was just something extra you wanted for a specific period?—A. I am sorry, I do not follow you.

Q. The fact that you wanted a larger percentage here had nothing to do with the record of Canadian Pacific unloadings at Vancouver for the year?—A. It only had reference to the fact that the Transport Controller had asked us to load and move 75 per cent of the grain to Vancouver.

Right Hon. Mr. HOWE: As I remember, that was the time when we were short of No. 2 Northern at Vancouver and that was for No. 2 Northern out of Lethbridge.

The WITNESS: I think it came from northern Alberta, but I am not sure, Mr. Howe. We do not know anything about grades.

Right Hon. Mr. HOWE: I think that was the time you had the grade that was fitting into the boats. That explains the 75 per cent.

The WITNESS: Perhaps it would be helpful if I could give you the exchange of correspondence. This was a telegram dated April 12 to Mr. Crump and it stated:

Present shipping orders to Vancouver from Alberta points divided seventy-five per cent your road fourteen per cent National and eleven N.A.R. Your wire says cannot subscribe sixty per cent basis.

That was in relation to another matter, if I may interject.

In view of fact grain at your points do you want me to ask National ship from Saskatchewan or can you ship required amount.

R. W. MILNER.

And Mr. Crump's reply of April 16:

As to the question of the movement from Alberta points referred to in your telegram of April 12 while we have moved 55·6 per cent of total Canadian Pacific—Canadian National—N.A.R. cars unloaded at the Pacific coast this crop year if the Wheat Board has placed 75 per cent of current shipping orders on our lines we will handle providing cars are unloaded and released promptly.

Now, there is more of it but I do not think it is relevant to this situation.

By Mr. Argue:

Q. Well, my point was that over the long period your percentage of unloads at Vancouver had been 61 and I saw nothing in your statement that would lead me to believe that you had been discriminated against in unloadings in Vancouver during the current year.—A. Is it clear to you now in the light of the context and everything I have given you?

Q. Which?—A. My statement in relation to the 75 per cent and 65 per cent.

Q. I think I understood your statement but I do not agree that because of the percentage unloads which you have been talking about over the whole picture that that explains the relative showing of the C.P.R.

Right Hon. Mr. HOWE: This was a very congested period there. The boats were coming out of order and capacity was limited and we had to get grain to fill the boats. I remember on one occasion four boats in succession came in for No. 4 Northern wheat. That calls for some scrambling as far as the Transport Controller is concerned. The particular period that the witness has referred to, as I remember, was when we were short of No. 2 Northern.

The WITNESS: The question of the grade is not within the ken of the railways. I remember there was a scramble in January for some grade but I do not remember there was in April.

Right Hon. Mr. HOWE: I may be wrong but I am simply bringing out the fact that sometimes grades do represent a very important factor as far as arrangements with the railway go for movement.

The WITNESS: We certainly realize that, sir.

By Mr. Argue:

Q. You have given quite a number of reasons, quite a number of excuses— —A. Excuses?

Q. Alibis.—A. I deny that.

Q. Okay, you deny it, but I am saying this document is loaded with excuses for the showing of the C.P.R.—A. Well, I most flatly contradict you.

Mr. DIEFENBAKER: Mr. Chairman, if we are to make observations on the nature of the representations, so there will be no misunderstanding, I certainly do not agree with my friend Mr. Argue in that regard. I think—and if I may break in here, he has made a very definite statement—I must say I have never known any group to appear before any committee that had produced in quality a brief the equal of this and I came here as one who has been very critical of the manner in which quotas on Canadian Pacific branch lines were at such a minimum but I do not want anybody to consider that because I sit here silent while my hon. friend is examining, that I accept that because I believe this brief has revealed that up to a great extent the Canadian Pacific Railway has been made the scapegoat by reason of the fact that we did not have the information and I make that as a general observation and not because I wish to interrupt Mr. Argue in any way, but he has made a general observation that the presentation produced here is a series of alibis. While not accepting all the statements made in the brief, I must say the quality of the brief has been better than any brief presented before.

Mr. ARGUE: Mr. Chairman, I am rather amazed that the member from Prince Albert has been taken in so quickly on an issue on which he has been so vocal over a period of many months and about which he has made so many impassioned speeches. I think if anyone has been the scapegoat it has been the producers along the lines of the Canadian Pacific Railway and I do not take, with great deference to my learned friend, that the statements set forth in this document provide an ample reason for the fact that producers along Canadian Pacific Railway lines have had so little opportunity to deliver grain in relation to producers along the Canadian National line. We differ in that.

By Mr. Argue:

Q. You made a statement on page 15 which was, if not an excuse, a further argument.—A. A further fact, Mr. Argue.

Q. Well, we do not have to accept all the things that are placed here as facts.—A. Let us not use incorrect terms.

Q. I said an argument. Is not that fair?

In all likelihood, this situation was brought about by heavy Canadian National unloadings at Churchill during September, October and extending into November, without an offsetting increase in the percentage of unloadings accorded Canadian Pacific at the terminals which it serves.

My question is this: were there greater unloadings at Churchill during the current crop year, vastly greater unloadings than comparable periods, say, a year ago or two years ago; in other words, was the Churchill factor for unloadings by the Canadian National an abnormal factor or is this something that goes on usually or has gone on in the last two or three years?—A. Mr. Argue, I cannot

answer that question because Churchill is not within the realm of figures that I normally see and study and follow from day to day. I am speculating there. I am trying to be helpful to the committee and point out as a matter of reasoning where the difficulty might lie. As to whether it was different from last year or not, as a matter of logic I will tell you it is inconsequential anyway.

Q. Well, it is in your brief and I thought you were sticking to consequential things. You stated it was facts and now you say it is a speculative statement.

The CHAIRMAN: I think the witness would like to supplement the answer he just gave you. Did you want to say anything to that, Mr. Sinclair?

Mr. SINCLAIR: I would like to say, Mr. Chairman, that Mr. Emerson is obviously trying to assist Mr. Argue in his understanding of the problem. It does appear that Mr. Argue does not want assistance. Instead he appears to be trying to put words in the mouth of the witness. I do not wish to state what they are—

Mr. ARGUE: I suggest, Mr. Chairman, it is highly improper for a witness to come before this committee—this really cannot—

Mr. SINCLAIR: I am not saying anything.

Mr. ARGUE: I think it is highly improper.

The CHAIRMAN: The member for Assiniboia has the floor just now.

Mr. ARGUE: On a point of order, I would ask my friend to yield the floor here.

Mr. SINCLAIR: I was standing up to respect you, I am sorry.

Mr. ARGUE: Mr. Chairman, I do not think we have to take belittling remarks from officials of the Canadian Pacific Railway or anyone else and I think that anyone who appears before this committee should follow the ordinary rules of parliamentary procedure and it is most unparliamentary for anyone in this room to accuse anyone else of attempting to put words in any one's mouth. I suggest, Mr. Chairman, we might as well get that point settled early as late.

The CHAIRMAN: Well, since you raised the point, I do not think it was the intention of the witness to put any words in your mouth and I take it it was not his intention to do so and since we are on that point maybe we might as well clear this up now. I would suggest respectfully to the committee that probably we will get on better and accomplish the job in a better way and in a more efficient way if at this stage all members would restrict themselves to questioning the witness on the subject matter before us and leave any conclusions to be arrived at to a latter stage when everybody has had a chance to get whatever information they want from the witness. I think it would be a good idea if everybody would ask for all the information they want from the witness now and then we can have a general discussion afterwards.

Mr. CARDIFF: May I suggest that each member who wants to have the floor be limited to a certain length of time and not be allowed to stand for a half an hour at a time. I think the chair should have the opportunity to state how long a man should stand up and ask questions.

The CHAIRMAN: On a large committee like this, this is always appropriate and the chair is always attempting to give everybody equal opportunity. I am sure that everyone on the committee is quite prepared to cooperate in this respect and anybody who will signal to me his intention to ask questions will be seen by the chair.

By Mr. Argue:

Q. Mr. Chairman, I was referring to the paragraph on page 15 which begins with the words "in all likelihood this situation was brought about by heavy Canadian National unloadings at Churchill during September, October and extending into November . . ."

I wonder to what extent that question could be substantiated for the current year and my particular specific question was whether the witness had any idea of the unloadings in previous similar periods as compared with this period?—A. May I deal with that now, Mr. Argue?

Q. Yes.—A. In the month of August, 1955, there were unloaded at Churchill 3,034 carloads of grain and if you will follow statement No. 104 you will see that in that month Canadian Pacific received 53.4 per cent of the total unloadings. Now, in the month of September, there were 2,992 carloads unloaded at Churchill and again statement No. 104 shows that Canadian Pacific received 52.2 per cent of the total unloadings. In the month of October, there were 2,009 cars unloaded at Churchill and in that month as statement 104 shows, Canadian Pacific received 49.7 per cent of the total unloadings and in the month of November there were 831 carloads unloaded at Churchill and again on statement 104 the percentage of the total unloadings which Canadian Pacific received was 49.9.

Now, I should point out that the figures I have given you for unloadings—and I am not sure that I made this clear but I want to be sure I am absolutely correct—are Churchill and Prince Rupert together.

Now, I want to mention another fact to you to get this matter in its full context. I would like to repeat to you a statement made by the Transport Controller which appears on page 338 of the committee's proceedings. Now, in answer to a question of Mr. Tucker, as to whether he had the feeling that the discrepancy between Canadian National and Canadian Pacific shipping points could be corrected before the end of the crop year, Mr. Milner said:

No, I do not think it will be corrected within the crop year because although we have so many cars there there are so many requirements for various grades of grain that this has been brought too late in the crop year. If you are going to equalize quotas over this country it must start right at the commencement of the crop year. There must be an intelligent survey of the crop that is grown in the various areas and cars must be allocated to these areas and not in the last two months in the year. That makes it an impossible situation.

Now, in the light of that, Mr. Argue, will you go back and take a look at chart No. 104A? See how the percentage of the total unloadings which was accorded to Canadian Pacific jumps about from month to month. I think that makes the situation perfectly clear.

Mr. DIFENBAKER: Could I ask a question here? After all—

The CHAIRMAN: Well, I was waiting for Mr. Argue to complete that point and the witness to clear up that point. I was just going to ask Mr. Argue not to go on with another point because somebody else wants the floor. Are you through with that point now?

By Mr. Argue:

Q. Well, Mr. Chairman, I want to ask a question on the 'quote' that was just made there from Mr. Milner in which Mr. Milner has said that if you wanted to equalize quotas an endeavour must be made to do it earlier in the year.—A. I do not think he put it on the basis of an endeavour.

Q. If I may so, you can correct me if I am wrong, but I am suggesting that with the number of box cars that the Canadian Pacific had allocated to the grain handling business in the first six months, shall we say, of the crop year and taking into account any extra delay there may have been which was a small fraction of a day in unloadings, the Canadian Pacific Railway's position even if the carloading days had been precisely the same, the position along Canadian Pacific points would today be not too much different than it now is and quotas would still be much lower on C.P.R.

points.—A. Mr. Argue, you miss the point completely. I am sorry I have not been able to make it clear but let me go back to the lakes. Remember the lakes in western Canada and the drainage system from the lakes and the one lake is drained by Canadian Pacific and the other lake is drained by Canadian National. Now, if you take more out of the spigots at the end of the Canadian National—remember to begin with that the Canadian Pacific lake had for example—and I do not know what the figure is because the Wheat Board as far as I know has not disclosed it but we will assume the C.P.R. lake has 55 per cent of the water to drain and the Canadian National has 45 per cent—I suggest to you if you take less than 55 per cent out of the Canadian Pacific lake and therefore more than 45 per cent of the grain out of the Canadian National lake you are bound to get the lakes out of level. It is bound to happen.

Q. I have just one comment, Mr. Chairman, and I thank the committee for its indulgence and I will yield the floor to someone else—I think in the period of which you have been speaking, the main governing factor has been the size of the pipeline connecting the lakes to the terminals.—A. I deny that flatly.

Q. Okay, you deny it.—A. As far as Canadian Pacific is concerned.

Q. And I say on the basis of the figures, we have the statement of Mr. Milner and all the facts and the figures, that the reason Canadian Pacific line quotas are low is the fact that the Canadian Pacific Railway has allocated for hauling grain in this area a number of box cars insufficient to keep the two lakes drained on a relative basis?—A. I wholly and totally disagree with you, Mr. Argue, and I want to make that as clear as possible on the record and I want to tell you further I have gone back and made a chart similar to exhibit No. 101 for the whole of the crop year to date and it shows the same picture as for 101 and I would be glad to show it to you right here if you want to look at it?

Q. Yes, we will disagree.

By Mr. Tucker:

Q. I would like to ask in regard to the matter—as I understood the witness—they thought they should get roughly 55 per cent of the share of cars unloaded and the attitude was that they would unload cars pretty well on the basis of the cars waiting to be unloaded?—A. Cars held at the terminals.

Q. Waiting to be unloaded?—A. Yes.

Q. What I was not clear about was I gathered from that, that in view of the fact that you were getting roughly a little more than 50 per cent or a little bit less and so on that from time to time you had about the same proportion of cars waiting to be unloaded as the Canadian National and the other railways?—A. That might be. I can give you the figures on that.

Q. Just give the figures just to get the picture, as I understand you said in your brief—I forget which page it was—they took the attitude they were going to unload cars on the basis of cars waiting to be unloaded at the terminals?—A. Yes, the transport controller's assistant at Vancouver said that.

Q. And I suppose that was the case at the lakehead too, was it?—A. Well, some sort of rule was followed. I do not know whether it was that precisely or not.

Q. Well, the fact that the length of time each car was held before being unloaded was approximately the same on both the Canadian Pacific and the Canadian National would indicate that they were following a pretty close policy of not holding the cars of one railroad more than the other?—A. That might be, but again I go back and say that if—

Q. Well, this not only might be, it is so, in your own figures. In one case it was six days and in the other case it was slightly over six.—A. I am sorry, Mr. Tucker, I didn't realize you were dealing with the critical period.

Q. Yes.—A. I was looking at the figures for the whole year.

Q. We are talking about the critical period which you are dealing with now.—A. Well, we have been dealing with both.

Q. I understood you were explaining Mr. Milner's statement and that was what I was asking you about.—A. Yes.

Q. Then, what I do not understand is, if you had, as I understood it, 55 per cent of the grain to move as compared with 45 per cent by the other company why didn't you see to it that you had a proportionate share of box cars there waiting to be unloaded and then you would be getting your 55 per cent of your unloadings.—A. Let me put it to you this way, Mr. Tucker. If the rule of unloadings was to force us to have, say, a 55-45 ratio with the Canadian National on hand at the terminals, as a transportation man I could have nothing to do with it, because it would have involved Canadian Pacific in having built at very large expense a tremendous number more of cars to have had them down at the terminals to enter into a race, if you like, with Canadian National to see who could get the most cars in there and afford to hold them, to have the investment not only in the cars but also in the trackage on which the cars could be held, all for the purpose of forcing by these mathematics those in charge of the unloadings to do the job. Surely, there is a simpler way than that. Let me point out to you if you look at chart 11, that is, facing page 7, in the period from the middle of March to early in April we had from 1,600 to as high as 2,700 odd cars on hand. Let us strike an average which would be fair—2,000 cars, to be conservative. Two thousand box cars to replace today represents an investment of about \$17 million to say nothing of the trackage or anything else.

Now, my point—and I want to make this abundantly clear—is that if the Wheat pool and the Wheat Board and the Transport Controller were concerned about the lack of quotas on Canadian Pacific lines why did not they unload more of those box cars?

Let me look at statement 100. On March 16 there were 192 cars unloaded, Canadian Pacific and 169 Canadian National. Now, if they wanted to bring the Canadian Pacific percentagewise, the farmers on Canadian Pacific lines up to an equal footing with farmers on Canadian National lines why did not they take the 169 cars out of ours and shut the Canadian National unloadings off?

Q. Is it not pretty well accepted now—I want to get information—is it not a pretty accepted rule, a reasonably acceptable rule that you would not keep one company's cars much longer waiting to be unloaded than another company's cars—would not there be a just cause for complaint if you did that?—A. I do not think the question of the length of time, as I say, would be a fair or reasonable basis on which to govern your unloadings. The rate of unloadings should have been controlled by the rate they wanted the grain out of the two lakes.

Q. If you found, for example—to put the shoe on the other foot—if you found your cars were being held eight days before being unloaded and the Canadian National cars only held six days, would not you have cause to complain?—A. I think our situation there would be to control our loadings to bring the situation down, cut off the loadings for a while to bring the number of cars held and therefore the average time held down.

Q. If you had stepped up your loadings and their attempt was to not keep any cars of one railroad more than another, you automatically would have stepped up your unloadings and it would not have meant you would have

had to tie up more of your box cars because your unloadings would then step up too?—A. But you see, this is a matter of percentage. If that was the rule that was followed at the lakehead—

Q. Well, apparently it was because I see the average number of cars unloaded on the Canadian Pacific was 6.2 days and on the Canadian National 6 days. It was really pretty close, was it not?—A. Yes. Let me give you this example. Suppose in this period on the basis of documents which we had from the Wheat Board, for example, we had followed a 60-40 rule, 60 per cent Canadian Pacific and 40 per cent Canadian National, it is then in order to enforce that rule—and I say enforce that situation on those who hold control of the terminals and the unloadings on the basis of the number of cars the Canadian National had on hand 1,676, we would have had to have 50 per cent more which would be 800 and something.

Q. Why did you put it 60-40 why did you not put it at 55-45 which you were using before?

Right Hon. Mr. HOWE: May I make a little statement here? I think you are putting too much emphasis on equal quotas—you would think the whole operation of the grain movement was directed to get equal quotas. This year it was agreed, after the mixup we had last year when we tried to equalize the quotas, that this year the attempt was to get the right grade at the right port so we could load out for export the maximum quantity of grain. There are better ways to get an even quota than to try to arrange them through unloads at the port. We could have equal quotas and could keep them even if that were essential but this year it has been a scramble to get all the grain in a position so that we could load out the right grain at the right port. That has been the predominant factor this year and we have taken the position that after all if we do not get quotas even up at the end of the crop year we will draw from the low quota areas early in the new crop year. You will recall that at the beginning of this crop year we are moving grain out of points that did not have an 8 bushel quota last year. We also had to get the right grades in position at the terminals at the right time.

Mr. TUCKER: What I am getting at is this, that it would appear that this grain is arriving at the terminals pretty well as it was able to be disposed of and loaded on boats because each car of each company was kept about exactly the same time; in other words, the grain was arriving there as required to be loaded on boats.

Right Hon. Mr. Howe: But the even distribution of carloads at terminals is not the way to get even quotas in the country. I do not doubt, as the witness has said today that even quotas require about 55 C.P. unloads to 45 C.N. unloads. We thought there was a more important factor in having plenty of grain at the terminals to meet export requirements, whatever the order of arrival might not be. Our endeavour today is to have the right grades on hand. Even in Montreal today we are short of enough of the right grades to load the boats without demurrage. The purpose of the railways this year was not primarily to get equal quotas. Had that been the first consideration, I am sure that we could have planned things differently. I am sure the Transport Controller could have planned it differently. You are attempting now to say everything has been wrong because the quotas did not come out evenly at the end of the year.

Mr. TUCKER: No, what I am getting at is this—the witness here has laid the whole blame for the situation on to the people who control the unloading of cars at the terminals. He said they were entirely to blame, for example, page 4. I am trying to find out who that is. He said on page 4.

Frankly, the difficulty with the movement of grain from areas served by Canadian Pacific has not been caused by Canadian Pacific. Instead, it is due solely to the failure of the persons who control the unloadings of cars at the terminals.

And then later on he says this:

It is the fault of the people who control the terminal elevators, such as the Saskatchewan Wheat Pool.

Now, as I understood the evidence the stuff was unloaded at the terminals according to the way it was sold, the grades sold and so on. Therefore, they tried to get the cars at the terminals according to the grades that were sold and could be shipped. The very fact that they got it there in the proportion that their cars were not held any longer than the Canadian National cars would indicate that they were getting them there pretty well on the shipments as required.

The WITNESS: Let me follow that then, Mr. Tucker. First of all, I want to go back and clear up this point. You asked me about the 55-45 and then the 60-40 which I used, now I am sure I don't know, but I want to make it abundantly clear that I do not know, and that I do not profess to know what percentage of the total grain of western Canada within the crop year should be attributed to Canadian Pacific lines in the Canadian Pacific "lake", and I do not know, because that is information or data which has not been made available to me. But I will give you this: commencing with 1950—this is the crop year beginning August 1, 1950—Canadian Pacific loaded 52.6 per cent of the total; in 1951 it loaded 52.8 per cent; in 1952, it loaded 51.7 per cent; in 1953, it loaded 54.8 per cent; and 1954, it loaded 55.8 per cent.

Now, this year may be within the range of these years or it may be outside of it. I do not know. I would expect that it would be something of the same order this crop year, and if so, it would be 55 per cent.

By Mr. Tucker:

Q. That is why I could not understand your arguing on the figure of the number of extra boxcars on the basis of 60-40.—A. If 55 per cent of the total grain is tributary to Canadian Pacific lines, the Canadian Pacific "lake", then on account of the fact that some of the grain in the Canadian National Railways "lake" goes up to Churchill and to Prince Rupert, the Canadian Pacific must get something more than 55 per cent of the unloading at the terminals which it serves jointly with the Canadian National Railways, namely the lakehead and Vancouver.

I do not profess to know what that is; but that is the overall picture of the grain, and I assume for this purpose that it is 60 per cent of the terminals which we serve. I accept it for the moment. But I can give you a statement which the Wheat Board has made with respect to the shipping requirements during the winter season and which is divided 60-40 between the Canadian Pacific and the Canadian National Railways, and since there is not very much movement, I expect, in the winter months because Prince Rupert is fairly small it looks like a reasonable sort of thing, but it does not make any difference to my point.

Now, to return to the point about the cars held unloaded, your proposition is that the Canadian Pacific should have had enough extra boxcars to force a 60-40 unloading ratio at the lakehead. In order to do that, I suggest looking at the statement exhibit 100, and if you look at the figures at the bottom for the average number of cars on hand waiting unloading, it is 1676, and the Canadian Pacific would have had to have 60/40 of that figure. In other words, an additional 838 cars if you want to carry out the mathematics.

Again, 838 boxcars at today's prices are worth \$7.3 million plus the track and everything else. I say that it would be a sheer economic waste and inefficient way with which Canadian Pacific would not have anything to do because the sole and only purpose of it would be to force the Transport Controller, the Wheat Board, and the terminal elevators to do something that they should have been able to do continuously before.

Q. If that is very clear I want to point out what you have to say about the length of time that each car was kept. If that is very clear to you, I suppose you made that argument with the Transport Controller?—A. Yes.

Q. But apparently you could not convince him?—A. I do not know if I made the argument in that form, but we pressed him for unloadings.

Q. Did you not put up in your argument that it was a very uneconomical use of boxcars? I presume you did.—A. I will give that to you. Here is a copy of a telegram dated April 10, from the Transport Controller to Mr. Crump our president. There was a long series of exchanges of correspondence, telegrams, and wires, and I would be perfectly glad to give them all to you, but it would make quite a record, because they are so extensive. But speaking to this point, and then reading from the wire, I will give it to you in full. Please excuse me for a moment because I want to go back one step to April 10, but we will give you the full text.

This is a telegram from Mr. Crump to R. W. Milner and it reads:

MONTREAL, April 10, 1956.

R. W. Milner,
267 Grain Exchange Building,
Winnipeg.

Your letter fifth re grain loadings received and noted (stop) indicative of situation is fact that during March we had average 1677 cars grain under load at lakehead with average unloadings only 108 daily hence each car delayed average 15.5 days waiting unloading (stop) this morning report shows 2638 cars on hand at lakehead 268 unloaded yesterday or 10 days supply (stop) as I see it our difficulty is restricted utilization existing equipment rather than shortage of cars (stop) I know you will agree that if increased share of loadings is to come from Canadian Pacific points same share of unloadings at terminals is essential. 10.30 a.m.

N. R. CRUMP.

I do not know how we could make it any clearer than that.

This is a telegram which the president received dated April 10, from Winnipeg and addressed to Mr. Crump:

WINNIPEG, Man.
April 10, 1956.

N. R. Crump,
President,
Canadian Pacific Railway Co.,
Montreal.

You know as well as I do that cars in March were on track at the lakehead with the full knowledge and approval of your operating staff stop you will find unloads increase sharply at terminals as space is created by shipments stop You will I hope deal with the other points raised my letter which your wire does not mention stop Note again please up to April fifth this year you loaded from country points forty one thirty seven more cars than National and last year same date fifteen thousand one hundred sixty three stop Put another way you have loaded only a fraction better than fifty one per cent and you know you should load sixty.

R. W. Milner.

Now let me give you the reply to that telegram. This is a telegram dated Montreal, April 11, to R. W. Milner at Winnipeg, and it reads as follows:

MONTREAL, April 11, 1956.

R. W. Milner,
267 Grain Exchange Building,
Winnipeg.

Your letter sixth re grain loadings (stop) to the extent that disparity of quota points is not related to matter of grades of grain not wanted at terminals concern of wheat board appreciated and shared by me but cannot understand why arrangements were not made for increased unloadings CP cars which would have alleviated this situation (stop) Fact is that had we loaded ten thousand more cars in recent months as your message tenth suggests they would still be under load (stop) Certainly cars on hand at both lakehead and Vancouver have been there with knowledge of our operating officers but neither they nor I can approve the sheer wastage of transportation service inherent in this condition recognizing that car days lost cannot be recovered (stop) In making comparisons with last years trust you have not overlooked fact that February 1955 loadings on CN were extremely low (stop) Over past six years we have averaged only 53.6 per cent total grain loadings prairie points and in no year has this exceeded 55.8 per cent therefore cannot subscribe to 60 per cent figure you mention. Your figures on box cars do not include foreign cars.

3 p.m.

N. R. CRUMP.

Right Hon. Mr. HOWE: There were about 500 cars of low grade grain which nobody desired to take in. The Saskatchewan pool had loaded these cars and they could not take them into their own terminals. No other terminal would take them. Nobody wanted them. They were a drug on the market at that time. I remember the complaints from the railroads.

The WITNESS: The Canadian Pacific has been blamed for failure to return them to the shippers too.

Right Hon. Mr. HOWE: I know, that is the unfair part of it. The Saskatchewan pool handled about 50 per cent of the grain shipped out of Saskatchewan through their terminal facilities; and they were not always able to handle that much grain. Their terminals were always congested until navigation opened. Ordinarily they can get somebody like the Manitoba pool to take the overflow, but we had to get down on our knees to get some other elevator to take 500 cars of that particular lot of low grade grain. It is not fair to concentrate all this attention on one particular phase of the movement because it stemmed out of those congested days in the early part of the year.

You could blame the Canadian Pacific for not moving grain faster than you would have liked, but the situation now being discussed occurred when nobody could do much about it. However, the situation straightened out in the end. The Board found a great demand for low grade grain.

The WITNESS: You cannot blame the Canadian Pacific for not moving the grain and make it stick.

Right Hon. Mr. HOWE: I remember that situation in April, when we could not get anybody to take that grain. That was all.

The WITNESS: That was not the fault of the Canadian Pacific.

Right Hon. Mr. HOWE: No, I agree.

By Mr. Tucker:

Q. Has the witness dealt with the people whom they regard as controlling the terminal elevators? Has that evidence been given? You say that it was the fault of the people who controlled the terminal elevators, such as the Saskatchewan Wheat Pool.—A. Yes.

Q. Did you give those people whom you regarded as controlling the terminal elevators?—A. I am afraid I do not understand your question.

Q. You say it was the fault of the people who controlled the terminal elevators such as the Saskatchewan Wheat Pool.—A. Well, when you get to the question of the control of the terminal elevators, we of the Canadian Pacific are not in a position to determine the extent to which that responsibility rests on the elevator operators, or on the Wheat Board, or on the Transport Controller. All we can do in fact is to try to point out the villains. You are the people who have the power, and it is up to you to go and find out something different if you want to.

Q. You struck at the Saskatchewan Wheat Pool so I wondered if you felt that they were mainly in control, or why did you single them out?—A. I shall answer that.

The CHAIRMAN: If I might interject, some members are complaining that they do not hear the questions. Therefore, all who ask questions will please raise their voices when they ask them, or, as somebody suggests, they should stand up. I know, that Mr. Tucker has a good voice and I know that he will be heard.

By Mr. Tucker:

Q. My question was this:—A. I think I understand, and I have a long statement here which covers it, from March 1 to April 16, and I am perfectly willing to pick at random, let us say, every fifth or every tenth day or whatever you like. It is up to you.

Q. Well, I leave it to you to explain why. I just did not understand why you say in your first statement on page 4:

It is due solely to the failure of the persons who control the unloading of cars at the terminals.

And then later on in the next paragraph you say:

It is the fault of the people who control the terminal elevators, such as the Saskatchewan Wheat Pool.

and I just wondered why you singled them out?—A. Simply, because they were very flagrant offenders. If I might say on March 1 the Saskatchewan Wheat Pool had at the lakehead on hand 156 C.P. cars unloaded 27. If I may go back to March 1, Saskatchewan pool 4, we had on hand 156 cars and at Saskatchewan pool 7, 18 cars. Total unloaded that day was 34. I will go down to the sixth. We had on hand at Saskatchewan pool 4, 249 cars, at Saskatchewan pool 7, 47 cars, the total unloaded that day both elevators was 25.

On March 11 we had on hand at Saskatchewan pool 4, 352 cars, at Saskatchewan pool 7, 63 cars, none unloaded. That may have been a Sunday.

On March 16 we had on hand at Saskatchewan pool 4, 378 cars at Saskatchewan pool 7, 80 cars, total unloaded at both elevators 22 cars. Watch how this builds up.

On March 21 we had on hand at Saskatchewan pool 4, 486 cars, at Saskatchewan pool 7, 111 cars, total unloaded 17.

On March 26 we had on hand at Saskatchewan pool 4, 472 cars, at Saskatchewan pool 7, 113 cars, total unloaded 14.

By Mr. Nicholson:

Q. Have you the Canadian National figures for those corresponding weeks?

—A. I am sorry, I do not have records of Canadian National cars in detail. It is a detail of their operation that does not concern me.

On March 31 we had on hand at Saskatchewan pool 4, 442 and at Saskatchewan pool 7, 114 cars.

By Mr. Tucker:

Q. That was either a holiday or Sunday?—A. That may be. As a matter of fact, it ran, that figure, for four or five days in a row.

Q. Unless you compare that with the Canadian National it does not prove anything.—A. Mr. Tucker, you missed the point.

Q. I wish you would explain it.—A. Let me finish the record. On April 5 we had on hand at Saskatchewan pool 4, 406, at Saskatchewan pool 7, 126, total unloaded 7.

On April 10 we had on hand at Saskatchewan pool 4, 450 cars, for Saskatchewan pool 7, 110 cars, total unloaded 80. We are getting in now to the opening of navigation and the unloadings are going up and on April 16, I will go to the 16th because the 15th was a Sunday or a holiday, on the 16th, on the last day I have any record and it shows some unloadings as: on April 16 we had 218 at Saskatchewan pool 4, 76 cars at Saskatchewan pool 7, a total of 99 unloaded.

Now, that is not all. In addition to that, in other words, to the grain held at the lakehead we also had grain held out of the lakehead back in our terminals at Ignace and Kenora on account of congestion. On March 22 we had a total of 62 cars at those two terminals all consigned to Saskatchewan Wheat Pool. On March 27 we had—

MR. NICHOLSON: Mr. Chairman, I understand he is trying to establish the Saskatchewan pool has not been giving the Canadian Pacific a fair break. I think unless he has the figures for the Canadian National for the cars which they had on hand for the same period, no conclusion can be drawn.

THE CHAIRMAN: He is finishing the figures.

MR. NICHOLSON: But he has not the Canadian National figures available.

THE CHAIRMAN: We will allow the witness to complete his figures on that point.

THE WITNESS: On March 27, 304 cars held at both Ignace and Kenora of which 233 were Saskatchewan pool. On March 31, there were 378 cars of which 331 were Saskatchewan pool. On April 5, there were 417 cars of which 365 were Saskatchewan pool.

Now, that was in answer to the question as to why Saskatchewan pool was singled out and was specifically mentioned in the brief.

RIGHT HON. MR. HOWE: Now, you are not trying to prove that the pool discriminated against the Canadian Pacific; you are trying to prove pool elevators were full to capacity and therefore could not take the cars?

THE WITNESS: But they were, so far as we were concerned, the offenders.

THE CHAIRMAN: Does that complete your question, Mr. Tucker?

MR. TUCKER: No, I do not follow.

By Mr. Tucker:

Q. You said: "Farmers in the area served by Canadian Pacific have not received their fair share of grain shipments in relation to the stocks they had on hand. This is not the fault of Canadian Pacific. It is the fault of the people who control the terminal elevators, such as the Saskatchewan Wheat Pool".—A. Yes.

Q. In other words, I take it from that the Saskatchewan Wheat Pool was unloading Canadian National cars faster proportionately than your cars. I take it that is what you were meaning?—A. I do not know that they unloaded them faster. I think that must be the logic of the situation, I think it must be the obvious logic. If you tell me, and I do not know, that Saskatchewan pool country elevators on Canadian National lines are higher quotas than their elevators on Canadian Pacific lines then why did they not do the thing within their power? They could have issued to the elevator operators on Canadian Pacific lines instructions to ship grain and hold back their operators on Canadian National lines and could have equalized that situation. That, of course, is always subject to grades of grain as the minister has explained.

By Mr. Diefenbaker:

Q. Mr. Chairman, I want to continue to ask a few questions about the matter dealt with by Mr. Tucker. In the last paragraph of page 4 you say:

There seems no doubt but that the farmers in areas served by Canadian Pacific have not received their fair share of grain shipments in relation to the stocks they had on hand. This is not the fault of Canadian Pacific. It is the fault of the people who control the terminal elevators, such as the Saskatchewan Wheat Pool.

Now, are there any other terminal elevators in the same position as the Saskatchewan Wheat Pool in this regard?—A. The Saskatchewan Wheat Pool, Mr. Diefenbaker, is outstanding, I think I would say. I have not made an analysis of the others.

Q. What are the other terminal records and what are their records in that regard for the corresponding dates. It looks as if in this brief you went rather out of your way?—A. No, I have no axe to grind with anybody. I am trying to present the facts.

Q. On the face of it, in view of the fact that you say: "It is the fault of the people who control the terminal elevators such as the Saskatchewan Wheat Pool . . ."—A. Very well. On March 1, Canadian Pacific had on hand on its tracks 888 cars with grain to unload which included 867 hauled by Canadian Pacific and 21 that were turned over to us by the Canadian National for placement. Now, of those 888 cars, 28 were for Ogilvy's, 150 for Westland terminals, 3 for Fort William (F), 9 for Hallett and Garey elevator, 6 Empire—Canadian Consolidated Grain Company—14 McCabe Brothers, 19 National Grain, 76 Manitoba Pool 1, 156 Saskatchewan Pool 4—Pool "A", pool "B" is not shown separately—18 for Saskatchewan pool 7, 20 for Northwestern, 39 for Stewart elevator, 6 for Manitoba pool 9, 2 for the lakehead terminals, 22 for Patterson's 0, 16 for Eastern, 10 Superior, 5 Thunder Bay, 25 Wheat Pool No. 5, Saskatchewan pool, 14 Manitoba pool 3, 79 for United Grain Growers, 16 for Searle Grain, 5 Canada Malting, 37 for Manitoba pool 6, and 113 other cars that had not been switched, graded or classified as at that time. That makes up the total of 888. If there is any other day I can give you the information.

Q. What is the significance of these figures in relation to this blanket charge of discrimination? That is why I cannot understand why you in this statement did not conclude the reasons for the statement "It is the fault of the people who control the country elevators"? Why did you go out of your way to name the Saskatchewan Wheat Pool?—A. Again I say, Mr. Diefenbaker, because they were the most flagrant offenders in this thing. They stand out head and shoulders above any other elevator or any other company. In looking here at the report for March 31 out of a total of 2,189 all held in particular by Canadian Pacific 442 were for Saskatchewan pool elevator No. 4 alone.

Now, my charge is not a question of discrimination as between Canadian National and Canadian Pacific, I want to make that clear as to the length of time held.

Q. Your charge is not that there is discrimination?—A. Not that there is discrimination as between unloading time, between Canadian National and Canadian Pacific.

Q. Well, that is quite a different thing from your statement here. This statement would leave the impression that the Saskatchewan Wheat Pool had discriminated against the Canadian Pacific and was responsible for the situation in large measure. You say you did not mean that?—A. No, that is not what I say. What I say is that all the people who control the terminal elevators, of the terminal elevator operators at the lakehead, Saskatchewan Wheat Pool were particularly notorious for the number of cars they held at any particular time. They held them.

Q. The figures that I have are these, that in Saskatchewan for example, there are 532 market points on the Canadian Pacific Railway, 544 on the Canadian National and 28 are competitive.—A. Yes.

Q. Now, what reason would the Saskatchewan pool have to hold the wheat there longer than these other terminals? You have left the impression in this brief, of discrimination in that regard and I am asking why would they do that?—A. Mr. Diefenbaker, let me go back to that point and make it perfectly clear. My point is not that the Saskatchewan Wheat Pool held our cars longer than Canadian National cars. I do not know. They may have held their cars from Canadian National points twice as long for all I know. I do not know that but if they wanted to equalize marketing opportunities from their country elevators, point 1, supposition 1, and if their marketings on Canadian Pacific elevators, the elevators served by Canadian Pacific lines had been on a lower basis than the marketings at their elevators served by Canadian National lines, then—and always subject to the question of grades which the minister has mentioned—then they had it within their power to equalize the situation merely by unloading more cars that were held by Canadian Pacific and unloading less cars that were held by Canadian National.

Q. Put it this way: you have started to add a qualification and the qualification is this: if on the Canadian Pacific line they had more of the grades that were required at the moment, then your argument would apply, would it not?—A. I beg your pardon?

Q. If on the Canadian Pacific Railway line and on the wheat that was available at the terminals, the grades were the grades required, then your argument would apply?—A. It is all subject to the question of grades. It may have some qualification on it. Let me continue, please. I don't know anything about grades. I don't pretend to know the nature of grades of wheat and after all that is a matter that is in the hands of the Wheat Board and the elevator companies and so forth. We are in the transportation business. But what I say to you is that the two systems of railway lines overlap one another in Saskatchewan. It may be a fact, but it would be surprising if there was a tremendous difference in grades of grain available on the Canadian Pacific line as compared with the grades of grain available on the Canadian National line.

Q. In any event your generalization in your brief is dependent on whether or not on the C.P.R. line there were the grades that were required for movement by the Wheat Board or for export?—A. Not at the moment.

Q. At any one time?—A. Over the whole period, yes.

Q. That is correct?—A. Because you see the point is. . .

Q. Is that not correct?—A. I want to make it perfectly clear.

Q. Is that correct, is it not?—A. I think the way you have put it it is correct over the whole period, because the point is you take the two “lakes” again. If on account of the question of grades, if the question of grades entered into it and they had at some period, the Wheat Board had the necessity of drawing more than 45 per cent of the water from the Canadian National lake which would naturally bring it down to a lower level then surely at some other period in the year you would expect they would have an opportunity to draw more than 55 per cent of the water from the C.P.R. lake and equalize it.

Q. Well, let me get a specific example. Mr. Argue mentioned that I complained very strongly about the lack of cars, and I have, between Nipawin and Meath Park. That is on the Canadian Pacific line?—A. Yes.

Q. And the people there are operating on a low quota and the answer given when I raise any complaint about that is that in that area the grade of wheat that was produced last crop year was not that which was immediately required by the Wheat Board and that therefore the quota was down. Do you agree with that explanation?—A. I am sorry, I don’t know whether a grade of wheat was required there or not. That is a market problem.

Q. But almost necessarily the marketing problem enters into the question of whether or not in any particular area the quota is raised, does it not?—A. The marketing problem would certainly enter into it as to a particular year, yes.

Q. I will put it this way: what a farmer wants to know is not what happened before but what is the hope of the people in an area such as I mention in Meath Park and in Nipawin, and it is repeated in many parts of Saskatchewan, what is the hope of there being an extension between now and the end of the crop year on the 30th of this month, so that there will be reasonable equalization?—A. First of all, I have to know this. Does the Wheat Board want the wheat from that area shipped now?

Q. Well, you see, that is exactly the point. Everybody runs around in a circle.

You say, “What does the Wheat Board want?” You have laid your responsibility on the pool for its failure to do certain things and now you say it depends on the Wheat Board and what they want.—A. Well, let me make it quite clear. You are into the field of the marketing of grain in which I don’t know and I don’t pretend to know the answers. I don’t know and I don’t pretend to know. I cannot tell you whether it is the elevator companies or the Wheat Board who control which grain moves to which place at which time. I don’t know that. That is out of my field.

Q. Then your conclusion on page 4 is subject to the lack of knowledge you have mentioned, is it not? That conclusion in the last paragraph on page 4 is subject to the same qualification?—A. You are stretching that, if I may say so, Mr. Diefenbaker, from the point where we were dealing with a particular situation in a particular area at a particular time to now embrace the whole of western Canada for the whole of the crop year and I cannot accept it.

Q. Does the same apply?—A. I cannot accept it.

Q. You cannot say that, you cannot give any hope at all to farmers in areas such as I have mentioned securing a reasonable equalization of the amount of their quota before the end of this month? Will you supply the necessary cars?—A. We will do our best, you can be sure of that. But in that context I would like you to look carefully again at the statement which Mr. Milner made at page 338 of the Proceedings and which I quoted a little while ago.

Q. I am trying to find out this: who is responsible for the failure of farmers to have a reasonable equality of quota? Is it the Wheat Board requirements that determines the number of cars you allocate?—A. Now, when you get into the question of allocation and distribution of cars you are into the second aspect of the question, Mr. Diefenbaker and as I mentioned at the beginning I am dealing with the first aspect. We have Mr. Samwell here to deal with the second aspect. He is more familiar with the details of that.

Q. The other man is the expert. So that you can tell us nothing about the allocation?—A. Well, nothing like he could.

Q. Cannot you tell us something of the manner in which allocation is determined?—A. I think he could tell you better.

The CHAIRMAN: May we clear this point?

Mr. DIEFENBAKER: I want to ask one more question.

By Mr. Diefenbaker:

Q. Don't you think that the Saskatchewan Wheat Pool would be as anxious as any other vendor to dispose of its wheat?—A. I don't know, I have no way of checking that one way or the other, I am sorry.

Q. Well, can you think of any reason why the Saskatchewan Wheat Pool would desire to not dispose of its wheat and thereby place you in the position in which you say you were placed?—A. Well, I can only think of this, that the position they placed us in was they made us provide storage free for a substantial quantity of wheat.

Q. Let me understand that.—A. That they placed Canadian Pacific in the position of providing to them free storage for a substantial quantity of wheat.

Q. And the other terminal elevators did not place you in that position?—A. Not to anything like that extent.

Q. What do you mean by "that extent"? Would you say approximately the percentage that the wheat pool exceeded the average of the other companies?—A. Well, I can only scan the figures Mr. Diefenbaker.

Q. I realize that. —A. On looking here at March 31 we have . . .

Q. Can you give us the total for a month?—A. No, these are daily figures, Mr. Diefenbaker. At March 31 again out of 2,189 cars 556, roughly a quarter of the total—somewhat more, I think—were Saskatchewan Wheat Pool.

Q. What was the total?—A. 2,189, 556 Saskatchewan Wheat Pool.

By Mr. Nicholson:

Q. And their terminals held what percentage? What percentage of space have they?—A. I am sorry I cannot tell you that.

By Mr. Diefenbaker:

Q. I was waiting until he finished figuring and then I have one more question.—A. Roughly a quarter. I will go back to March 20, for example, and as of 2,008 cars on March 20, 569 were Saskatchewan Wheat Pool. Now, again that is just at Fort William and excludes the cars I told you about earlier which are on hand at Ignace and Kenora.

Q. We are just speaking about Fort William?—A. Yes, but you must keep those in the back of your mind because they are back there.

Q. Well, possibly we can conclude this.

. . . in spite of repeated urgings of Canadian Pacific officers impressing upon them the necessity for increasing the unloading of Canadian Pacific cars, they failed to take the necessary action.

Did you restrict your warnings just to the pool?—A. No, I would not think so.

Q. What companies did you give the warning to, what terminal companies? —A. That is a question that covers the Fort William terminals. It is a detail that is handled there. It would be handled not by me directly, of course. That is something that would be handled there by Mr. Wood or one of his officers. Now, we have Mr. Wood here today. He is the general superintendent in charge of Manitoba district. I will ask him to answer that question. Would you mind repeating it?

Q. I will wait until he gives evidence.

The CHAIRMAN: He can answer it now. Did you get the question?

Mr. T. WOOD (*General Superintendent, Manitoba District, Winnipeg*): Mr. Chairman, at that period during the latter part of March while I was in Fort William myself I accompanied the superintendent of terminals around the terminal elevators in Fort William. We called on the Saskatchewan Wheat Pool, we called on the Manitoba Wheat Pool, we called on the Federal, the U.G.G., and there was one other, I think the Lakehead, asking them at that time what they could do to facilitate the unloading of the cars which we had in at that time which maybe averaged around 2,000 to 2,200.

Mr. DIEFENBAKER: Were they all at fault in that regard, all the companies you mention?

Mr. WOOD: They all had large numbers of cars.

Mr. DIEFENBAKER: So that the pool, as far as you were concerned, was in a similar position to the others because you got in touch with all five of them to endeavour to secure an improvement of the situation?

Mr. WOOD: Except the pool had a far greater total as compared with the others.

Mr. DIEFENBAKER: But the pool would handle a great deal more wheat, would it not, than these others?

Mr. WOOD: It would, yes.

Mr. DIEFENBAKER: But proportionately to the amount handled by these various companies?

Mr. WOOD: I do not think in about the same way, I still consider that the pool was . . .

Mr. DIEFENBAKER: Have you got the record?

Mr. WOOD: I have not; I can get it.

Mr. DIEFENBAKER: Did you say to the wheat pool representative "You are in a worse position than these others, U.G.G. and Federal, etc."?

Mr. WOOD: We said to the Saskatchewan Wheat pool that if their percentage of unloads could not be stepped up we would have to exercise our prerogative and divert cars to elevators which could handle them.

Mr. DIEFENBAKER: When was it you gave them that warning?

Mr. WOOD: That was probably the second week in April.

Mr. DIEFENBAKER: Did you give that warning to any of the other companies?

Mr. WOOD: It was not necessary.

Mr. DIEFENBAKER: I did not ask you that. Did you give the warning to any of the other companies?

Mr. WOOD: Other than the visits we made to these other elevators to step up their unloadings.

Mr. DIEFENBAKER: You made representations but you did not give them any warning, the other companies?

Mr. WOOD: No.

Mr. DIEFENBAKER: Was there any improvement after the warnings given, as you stated, on the part of the pool?

Mr. WOOD: Well, with the opening of navigation the pools stepped up their loadings but we diverted a large number of their cars.

Mr. DIEFENBAKER: Was the situation improved as a result of the warning you gave and the threat of action?

Mr. WOOD: It was improved because other elevator companies stepped in and helped out.

By Mr. Studer:

Q. Mr. Chairman, following that in connection with the wheat pools, it would appear to me that perhaps if we took all the figures of the cars that the other companies had not unloaded and figured them altogether and compared them with the wheat pool's unloadings and then took a percentage of grain perhaps they would not be very much different, that is, if we compared the wheat pool to a particular company there might be a large variation but add them altogether, figuring the approximate handling of grain in western Canada by the pool with other companies, the variation might not be too great which might mean that according to their handlings, the pools might not have the same terminal space as other companies would have. Would that be your interpretation?—A. Mr. Studer, as to the handling in western Canada, at the country elevators, I cannot say but as to the handling at the terminals the pool unloading would be at a slower rate and the time they held the cars, their detention, would be longer than the average of all the other terminal elevators.

Q. That is your statement?—A. Yes, that is my statement.

Q. Well, it would seem to me in the over-all picture if we had more cars we could load more grain with both companies irrespective of the percentages of difference of unload of 2 more per cent and if we unloaded more cars more rapidly we would fill terminals more rapidly and if we had more ships sooner we could ship the grain sooner and so on and so on. The point of that being that supposing you would have had the cars would there be any very great difference in the deliveries from farmers in western Canada during the past year?—A. The deliveries of grain from farmers in western Canada this past year, were not as far as Canadian Pacific lines are concerned, restricted by lack of cars. They were restricted by the unloadings at the terminals.

Q. The other point that I wish to bring up was in connection with equalization if we could call it that of deliveries when Mr. Diefenbaker referred to as perhaps partially responsible up in your Nipawin district due to the fact that they could not have certain grades of grain that the Wheat Board might want or might have for disposal at the moment. We figure in southwestern Saskatchewan where I farm, Mr. Chairman, that it is very outstanding and they figure that they have been—I do not know if I should use the word—overlooked but they are in the position where it is imperative to bring to the attention of our committee here that that particular area has not been served to the same extent as other areas have, be it for reasons of unsuitable grades, be it for reasons because it is the farthest away from Fort William, Churchill, Vancouver, or any other area, or whatever the reason. I would like to have it determined as such that it is my position that I would want to understand the position if a similar situation existed. As you will notice from the wheat pool map of July 7, in southwestern Saskatchewan there were 78 stations on a 4 bushel quota some with alternate stations. Now, many of these points in the southwest have been advanced to a 5 bushel quota but as of last Friday I was still not in a position in the southwest to deliver to my

point at Neville any bushels of 4 bushel quota, and still that point was advanced to a 5 bushel quota, and as Mr. Diefenbaker pointed out perhaps someone would be in a better position to answer what could be determined as to detail, but I am interested in why a certain large section of the country would be in the position where it would be left so far behind the other areas in connection with deliveries. And, of course, you will agree that it is largely on C.P.R. practically all a C.P.R. area. As I mentioned, there was still lots, about 45,000 bushels that had to be taken in at Neville before the 4 bushel could be absorbed and when the quotas are advanced to 5 bushels before the 4 bushel is absorbed, it created difficulty, as everyone knows, because everyone likes to deliver, even those who have delivered their 4 or 5 bushels. If the Wheat Board orders through the elevator companies are in the hands of the agents—and as I understand it they are throughout that area extensively—to take care of these quotas we were hoping you could express some opinion or some of your officials as to the possibility of picking up that quota to bring it on the same level at least similar to other areas in Saskatchewan.—A. If I may I will ask you to defer that question, Mr. Studer, until Mr. Samwell appears. That is part of the detail. He is right there in Moose Jaw. It is in his backyard, so to speak, and I am sure he can answer the question.

Mr. SINCLAIR: He is going to give some other testimony. If it will suit you, sir, he will deal with that at that time.

By Mr. Harkness:

Q. Mr. Emerson, I am interested in the percentage of western grain which was moved by the Canadian Pacific Railway in ten years or some reasonable period prior to this last year. You used the figure of 53 per cent of your loadings. Does that represent the percentage of grain which was moved by the Canadian Pacific Railway in these years, the period of whatever number of years it was you referred to?—A. I can give it to you for every year back to 1921 in terms of carloadings as between Canadian Pacific and Canadian National and I have not attempted to average it. An average really would be meaningless. That is to say, it would have to be a weighted average rather than a straight average. This is in terms of car loadings which is not quite the same thing—not quite and I underline the word “quite”, the same thing as bushels because in recent years at least what we call the out-turns, that is to say, the number of bushels each car carries, the out-turns on Canadian Pacific cars, the cars handled by Canadian Pacific have on the average been slightly higher than the out-turns on cars handled by Canadian National.

Q. In other words, they have been loaded a little more heavily?—A. Slightly, yes sir. That is a fact which would have to be taken into account if you are making a precise determination.

Q. What I wanted to get really is a figure such as the one you used of 53 per cent. Is that the period taken 5 years or 10 years prior to this last year or what was it?—A. I will go back again and give you these figures. This time they may be stated just the opposite way than last time. The statement I am looking at now deals with the crop year ending July 31, 1950, 54.2 per cent, 1951, 52.6 per cent, 1952, 52.8 per cent, 1953, 51.7 per cent, 1954, 54.8 per cent, 1955, 55.8 per cent. The average of these six years is 53.5 per cent.

Q. Well, what is the figure for this crop year up to the present time or up to the end of June whatever is the latest figure you have?—A. 52.0 per cent.

Q. So that you are short about 1½ per cent in order to strike your general average of carloadings or car unloadings?—A. Yes, that is correct, but by the same token the Canadian National points, if you will, are up by the same percentage and as you get later on in the crop year the disparity becomes accentuated.

Q. So in other words, in order to get farmers on your points on the same quota basis or perhaps rather than saying the same quota basis on the basis of having been over delivered as much per acre as on Canadian National points you would probably have to have an increase of about 3 per cent at the present time?—A. No, I would not put it that way. As a matter of fact, I cannot answer that question because that really depends on two things. It depends on how much grain was left in the hands of farmers and in the country elevators on Canadian Pacific lines as compared with Canadian National lines at the end of the last crop year plus the number of bushels, quantity if you will, of grain produced or made available for sale in the current crop year on Canadian Pacific lines as compared with Canadian National lines.

Whether that is 53·6 per cent or not, I do not know. From the figures I have given you, you will see that the loadings to the extent that loadings are indicative of total production and there may be a carryover from one year to another, I cannot tell, but in the long range it would even off, but to the extent that loadings are an indication, it has varied from 51·7 to 55·8.

Q. In any event in order to get these quotas equalized, leaving all these other considerations of grades and so on apart for the moment, you would have to have an increase in the amount of unloadings that you were allowed of something better than 3 per cent?—A. Of what, Mr. Harkness?

Q. You would have to get your percentage up at the present time from 52 per cent to 55 or 56 per cent.

Right Hon. Mr. HOWE: It is cumulative for several months. It would be far more than that.

By Mr. Harkness:

Q. That is what I say you would have to get your percentage up?—A. We would have to have sufficient unloadings to raise the cumulative percentage of unloadings to any given date up to whatever the percentage of grain was tributary to our line, whatever that might be.

Q. How many cars would that represent?—A. I am sure I couldn't tell you. I don't have any data on that. That is out of my ken.

Q. On the basis of this 52 per cent of cars that you have unloaded this year, how many more thousand cars would that mean?—A. I am sorry, I can't tell you. I would be only guessing at that sort of thing and I would not want to do that.

Q. I would think that would be capable of very close calculation?—A. Well, first of all I would have to know what is the percentage of the crop in western Canada which is to be handled by Canadian Pacific in the crop year, say.

Q. Well, I think we are sort of on divergent points here. What I was trying to get at was the number of thousands of cars which would be required to bring those quotas on the C.P.R. points which are now low up to those of the rest of the country?—A. I understand your point and I am trying to be as helpful as I can, but you see there is a little difficulty. It is not too easy. Let me perhaps give you this, which may assist you. I have the figures here but they will take some adding. Perhaps I can get one of my staff to do it and we can go on to another point and come back to that later.

Q. In any event your general contention is, I take it, that in order to enable farmers on C.P.R. points to have equal quotas—I do not mean at the present time, I mean over a period of years—you require to have at least 53·6 of the total car unloadings?—A. If—

Q. In other words, something like 53·6 per cent or 54 per cent of the total grain is grown adjacent to C.P.R. points?—A. Well, the information available to me makes it look to me that that is approximately so.

Q. And from your point of view if you had that percentage of unloadings you would be able, as far as you are concerned from the transportation point of view alone to take away enough grain so that these quotas would be equalized?—A. Absolutely, we would have no problem with our share of it.

Q. In other words, the crux of the matter from your point of view is the way in which these cars are unloaded?—A. Quite.

Q. Who is responsible for car unloading? In other words, who orders a particular car unloaded?—A. At a particular terminal?

Q. Yes.—A. Well, again here we are getting into the question of the detail of terminal handling and here we have Mr. Wood of the Manitoba district who, as I told you, has been superintendent at Fort William. I think if I can I will ask him to answer that.

Mr. WOOD: Mr. Chairman and Mr. Harkness, I speak of the lakehead terminals. When these cars of grain or trains of grain arrive at the lakehead they are classified according to the way-bills to the elevators at which they unload. We switch them over the hump into the classification yard and take the cars away to the terminal elevator there. After that they are spotted in the elevators and they are unloaded by the terminal elevator unless there are some grades of grain which they do not want to handle and they let them by the unloading spouts, and we have to handle them all over again.

Mr. HARKNES: You have to take them away?

Mr. WOOD: We take them away and store them and then take them back again. The actual unloading of the cars is up to the elevators themselves.

Mr. HARKNES: It is the elevator company which gives the order to unload?

Mr. WOOD: Well, the cars are placed there and they take the cars and unload them depending on what they are after at the time.

The WITNESS: If I may interject at this point, I think, Mr. Wood, Mr. Harkness' question is who designates how many cars or what cars will go into the elevator. Let me put it this way, a particular elevator has a number of cars on track, maybe some Canadian National and some Canadian Pacific. What determines how many cars from each railroad or from both railroads go into that elevator? Is that correct?

Mr. HARKNESS: Yes.

Mr. WOOD: That is up to the elevator. Once the cars are spotted we have the elevator tracks upon which the cars are placed before they are unloaded and they choose their own cars for unloading.

Mr. HARKNESS: You get no orders from anybody except the elevator companies as to what cars to put in there?

Mr. WOOD: No.

Mr. HARKNESS: In other words, you do not get any from the transport controller or from the Wheat Board?

Mr. WOOD: Once the cars arrive at Fort William they are generally placed at the elevator to which they are billed.

Mr. HARKNESS: Then it is entirely up to the elevator company when they unload them?

Mr. WOOD: Yes.

Mr. TUCKER: Just on that point, to clear it up, the last witness said some cars were diverted because the pool did not unload them. Who gives that order?

The WITNESS: I think that was Mr. Wood's statement that the cars were diverted. Perhaps he will give an explanation for that.

Mr. WOOD: When we get an accumulation of cars such as we have for the pool and with the idea of unloading our equipment and getting it back to the grain fields we go to that elevator and say, "If you can't increase your unloadings we will divert your car to another elevator." We ask them have they any choice and if not we will place them at elevators where we know they can take it in.

Mr. HARKNESS: Well, can the railroad do that without the agreement of the consignee?

The WITNESS: Mr. Sinclair, I think, can answer that question.

Mr. SINCLAIR: Most of this grain that moves to the terminals is on the bulk grain bill of lading which has in it what is known as clause 8, which enables a diversion at the option of the railway company. For instance, if grain is consigned to the Saskatchewan pool and there is room in the Manitoba pool and the Manitoba pool will take the grain in, under this contract the railway company can divert it to the Manitoba pool elevator. You can understand, of course, that the difficulty is to have another elevator company take it. As the minister has said when he was here, the kind of grain that was around in some instances was grain nobody else wanted, and then it backs up. There is no use diverting it if the pool won't take delivery because when you push it onto his track he will just let it run by the spout.

By Mr. Smith (Battle River-Camrose):

Q. Mr. Chairman, I have several questions I would like to ask. I would like to ask Mr. Emerson one question. I am concerned with the allocation of box cars and, Mr. Emerson, do I gather from you, that you feel that your failure to move as much grain from the west this past year is as a result of not any making of your own but outside factors, outside influences?—A. Mr. Smith, my bristles rise just a little bit when you mention our failure.

Q. It is true, is it not, that the Canadian Pacific Railway has moved less grain this year than the year before. You say 52.6 this year and 53 per cent is the general average?—A. Are you dealing with it in terms of percentage or total bushels or carloads?

Q. Carloads, let us put it that way.—A. I think our carloads this year exceed slightly the number of carloads that were shipped on our lines up to this time last year.

By Mr. Nicholson:

Q. Percentagewise you were down?—A. Percentagewise I have not made the calculation as compared with last year. I suspect that may be.

By Mr. Smith (Battle River-Camrose):

Q. Well, you see that is what I am getting at, Mr. Chairman. What I am concerned about is the number of bushels of wheat that remain in the west this year which are more than remained there last year because the C.P.R. has not moved as much grain and I want to know who is to blame for that, whether the C.P.R. or outside factors such as the Wheat Board, the terminal elevators and so on?—A. Well, I can answer this question. It is certainly outside factors and not the C.P.R.

Q. C.P.R. is definitely not to blame?—A. That is right.

Mr. SINCLAIR: Can I give you one figure. The number of cars in Saskatchewan district this year as compared to last year—the figure just happens to be before me—is about 1,000 higher. That is up to July 12 although I see from the three prairie provinces the number is somewhat down.

Mr. NICHOLSON: Have you the Canadian National figures for the same period?

Mr. SINCLAIR: I have not, no.

By Mr. Smith (Battle River-Camrose):

Q. I would like to ask another question. Does the Canadian Pacific Railway as an organization moving grain from the west, attempt to spread box cars over its whole western system or does it concentrate the movement of grain on the main lines alone?—A. Now, you are in the question of the allocation and distribution of cars again as between areas. I think I would like you to defer that question if you will, Mr. Smith, until Mr. Samwell appears because he can deal with it better than I can.

Mr. FORGIE: Mr. Chairman, I think we should adjourn until tomorrow.

Mr. TUCKER: There is one set of figures I would like to get from the witness now or tomorrow, Mr. Chairman.

The CHAIRMAN: There is some point in the argument just made. Maybe we can go on for another ten minutes until 5.30. Mr. Tucker has one question along the same point.

By Mr. Tucker:

Q. I have some figures here which I think the witness can fill in and we will have the picture between the Canadian Pacific and the Canadian National if I have the permission of the committee. I have here volume 33, No. 4 "Memorandum in regard to carloads for the period ending June 30, 1956" and will just read it to you so that you will get the context and then I wonder if you would give us the figures with regard to Canadian Pacific and then we can compare what the Canadian National has done compared with the Canadian Pacific. For the first half of 1956 an all-time record of 2,101,962 cars were loaded, an increase of 11.1 per cent from 1,892,182 cars for the first half of 1955 and then it goes on to say over the first half of 1954 the comparison between the half years shows most commodities were loaded in increased volume and the most significant increase was in grain and that was 227,062 cars as compared with 166,419.

Now, I figured that out and that increase in regard to the number of cars provided for grain is roughly 36 per cent as compared with the general increase of 11.1 per cent. Now, I wanted to get the increase for the first six months of 1956 as compared with the similar period in 1955 on the part of the Canadian Pacific Railway.—A. Mr. Tucker, you are taking total car-loadings?

Q. Yes, for all grain.

Mr. SINCLAIR: All over Canada? I think that is all over Canada, Mr. Tucker, that is not western Canada.

By Mr. Tucker:

Q. Well, I will give you the western Canada then. In the western region January 1 to June 30, a total of 737,662 cars were loaded, up 14.8 per cent over 1955. Now, that is for all railroads, but what I am interested in is did the C.P.R. raise their increased number of carloads by the same as the general average of 14.8 per cent more or less?

The CHAIRMAN: Could we wait and you could have an answer when we are back in the morning.

Mr. JOHNSON (*Kindersley*): Mr. Chairman I have several questions to ask so I suggest we adjourn. When do you want to meet again?

The CHAIRMAN: Could we meet this evening at 8.15, gentlemen? What is the wish of the committee.

Agreed.

—Dinner adjournment.

EVENING SESSION

TUESDAY, July 17th, 1956,
8.15 p.m.

The CHAIRMAN: Order, gentlemen. I believe we have a quorum. Would you care to deal with the question which was left over at five thirty?

Mr. R. A. Emerson, vice-president, of operations and maintenance, Canadian Pacific Railway, recalled:

The WITNESS: I think there were three questions really left unfinished from this afternoon. First was the question of the detention of cars at Fort William by the Saskatchewan pool as compared with other terminal elevators, and these figures have been developed during the dinner recess.

In the month of March, 1956, cars unloaded by the Saskatchewan pool were held for an average of 20.6 days excluding Saturdays, Sundays and holidays. Cars for terminal elevators other than the Saskatchewan pool were held for an average of 8.3 days, and all cars were held for an average of 9.8 days.

Earlier in the course of this afternoon's hearing I put a figure on the record that said that in March, on the average, Canadian Pacific cars were held 10.4 days at Fort William.

Now, the difference between 10.4 and 9.8 is due to the fact that the statement which shows unloadings for elevators includes a small number of cars—relatively a small number—which were hauled in by Canadian National Railways and turned over to Canadian Pacific for placement.

You may at some time be wondering what the difference was, if you are looking at the record, and that will account for it. It is relatively inconsequential.

I am sorry, but Mr. Sinclair draws my attention to the fact that I may have left the impression that the difference between 9.8 and 10.4 is inconsequential but that is not the case. The difference in the way that the figures were developed is inconsequential.

Now in answer to a question by Mr. Tucker concerning car loadings during the first six months of this year, I can give him these figures for Canadian Pacific: from January to June 1956, Canadian Pacific loaded 751,107 cars of revenue freight on its system which was an increase of 9.4 per cent over the corresponding months of the preceding year.

Now, of these grain loadings comprised 110,206 cars in the six months period of 1956 which was an increase of 26.1 per cent over the preceding year.

Those are system figures so the picture is that all car loadings went up 9.4 per cent; and the grain loadings went up 26.1 per cent.

By Mr. Tucker:

Q. Have you got the figures for the western region?—A. Yes. I can give you the figures for the prairie and Pacific region, Mr. Tucker.

For the first six months of 1956 Canadian Pacific loaded on its prairie and Pacific regions 358,353 cars which was an increase of 9.2 per cent over the preceding year, the same six months.

Of that, the grain loadings comprised 88,515 cars, an increase of 20.7 per cent over the preceding year.

The comparison therefore is 9.2 per cent for all freight, and 20.7 per cent for grain alone, in western Canada.

Now, the third question that was left outstanding was as to how many additional cars Canadian Pacific would have had to load—all grain, I am speaking of—in order to bring their percentage up to 55 per cent.

From August 1st, 1955 to June 29th, 1956, Canadian Pacific loaded 127,520 cars, while Canadian National Railways loaded 116,662 cars; thus Canadian Pacific loaded 52.2 per cent of the total. That is a very slight difference from the figure on statement 104 which deals with unloadings and shows that for the crop year to the end of June Canadian Pacific received 52.0 per cent of the unloadings.

To increase loadings, to 55 per cent, would have meant an additional 15,067 cars in the eleven months period ending June 29th, and I may say that there seems to be some misunderstanding as to this 55 and 45 per cent ratio which I mentioned and which was used purely as an example.

Personally I think it is somewhere in that range, but it is inconsequential. It is immaterial for the principle of this thesis which I am putting forward as to whether Canadian Pacific's share of the loading should be 45, 55, or 65 per cent. Pick a number from 1 to 99 and it is all the same. What I am really saying to you is that whatever Canadian Pacific's share should be, whatever it is, it must receive the same share of the total unloadings.

I hope I have made that clear, but if not I should be glad to come back to it again.

By Mr. Johnson (Kindersley):

Q. I know the committee will all be grateful for having the C.P.R. representatives here because it has completed a cycle. We have had the wheat pool blaming the Transport Controller for the distribution of box cars and the Transport Controller who in turn transferred it to the shoulders of the C.P.R. and now we have the C.P.R. putting it back on the pool, so I think it is our job to analyze the situation and find wherein the difficulty lies. I notice, Mr. Emerson, on the first page of your brief, you mention:

...the company has always been fully aware of its responsibilities to the people who settled there.—A. Yes.

Q. I presume that responsibility would be the supplying of adequate box cars to carry your fair percentage of the grain to the terminals? Do you feel that you have an adequate percentage of box cars to do that?—A. Yes, we have an adequate supply to do that, given the unloadings.

Q. Even in view of the fact that you have 15,000 less box cars than Canadian National?—A. Yes, Mr. Johnson. Let me give you a little data on that. As I explained to you earlier, the number of cars alone is not the criterion as to adequacy. You have to consider all the other factors, utilization, use of foreign equipment, the bad order ratio and so on but there is the over-all picture. I will give you the year 1955. First of all, let me say this, that railway accounts include a hire of equipment item. You see, when a box car goes off Canadian Pacific on to any other line, by agreement between the North American railways, the owning road collects and the using road pays a hire of \$2.40 cents per car per day. Now, naturally there are debits and credits in that picture. On any railroad in North America you can go out and you will see many foreign cars on a line and that means generally that that railroad is hiring those cars at the price of \$2.40 per day and you go on to some other railroad and you will see cars of the first railroad you were looking at so the first railroad is naturally receiving \$2.40 per day for each of those cars. Now, in 1955, Canadian Pacific had a credit item for hire of equipment of \$3,811,314; in other words, Canadian Pacific equipment off-line cars amount to many more than foreign equipment on our lines. Most of that is in the per diem that I spoke of. There is a small amount for passenger equipment and other things but the major item is freight.

Q. I just want the information I asked for, not what you are now talking about. I do not think we need that much theory in the project here.—A. I am not theorizing. These are actual figures. If I can finish, I will not take much time. Canadian National in the year 1955 had a debit balance. They paid out, in other words, \$3,115,959.

Q. The point I was wanting to clear up if you had 15,000 more box cars to bring you up to the same number as Canadian National Railways one would naturally assume that you could haul more grain?—A. That is not the limiting factor. It is the question of unloadings.

Q. I know it is not the limiting factor but you could haul more grain?—A. No, it is a question of unloading at the terminal.

Q. It might cost you a little more to haul that amount of grain because of the time your boxes would be tied up at the terminals but you would haul more grain?—A. Mr. Johnson, 15,000 box cars today are worth about \$125 million. That to me is not a little.

Q. Well, on your railway we have not determined the percentage of grain movements which you feel your railway should be responsible for. It is part of your evidence that you have been hauling or carrying around 50 to 55 per cent?—A. Something more than 50 per cent, yes.

Q. I notice a fair standard to put your responsibility at, to gauge it by would be the working capacity of the elevators because over the past period of congestion, the elevators have been built in proportion to the productivity of the area so that would be a fair criterion to gauge your responsibility upon.—A. I would think it would be a very rough criterion.

Q. Well, the elevator men know where they are going to build the elevators because grain is being produced there and if your record of the point happens to be one of those with a lot of space you would assume more box cars would have to go there?—A. You are getting a little more out of my field when you talk about elevators because it involves marketing and I do not profess to be a marketing expert, but as a personal opinion I should think that is a very rough criterion.

Q. I have worked out that your share of the grain item should be 57.78 per cent. The roughness may account for the fact that it is about 5 per cent, 4 per cent at any rate above the handlings you have had. What I am wanting to resolve is the question of the box car shortage. Has there even been a box car shortage?—A. Yes, for traffic other than grain.

Q. But no box car shortage for grain?—A. The lack of box cars to load grain is not due to the fact that the railway cannot or is unwilling to supply box cars; it was due to the fact that those box cars were not or could not be unloaded at the terminals.

Q. Well, just on that same point you will find on page 120 of Hansard these words:

When I spoke in Edmonton I said that there was a shortage of 10,000 box cars on the prairies below the customary number in action on that date.

And at page 603 you will find:

Our big problem now is not selling, but transportation. If deliveries of wheat by producers this crop year do happen to fall behind last year, it will be because rail transportation is not adequate to move grain forward quickly enough and thus clear space in country elevators.

Those are the words of the Minister of Trade and Commerce, the Right Hon. C. D. Howe, who was at that time apparently of the opinion that there was

a definite shortage of box cars for the movement of grain. I would say that 99 out of 100 people would interpret it that way.—A. I must differ with the minister. I would say that perhaps he was misinformed.

Q. What is the percentage of your grain loadings to the total loadings in your western division?—A. I have not calculated it out but I will give you the figures so that you can do so. These are the same figures which I put on the record a few minutes ago. During the first six months of 1956, Canadian Pacific loaded a total of 358,353 cars on its Prairies and Pacific regions of which 88,515 cars were grain.

Q. Well, in the front page of your brief you have noted:

The fact is that the movement of grain to the lakehead and to the Pacific coast for export comprises from $\frac{1}{4}$ to $\frac{1}{3}$ of the total volume of freight traffic handled by Canadian Pacific, as measured in revenue ton miles.

Would that give us an indication of the percentage of grain loadings to total loadings?—A. The percentage of loadings is as I have given it to you. The percentage is dealt with by number of cars. When you are talking about revenue ton miles it is quite another thing. You have to take into account first of all the length of the haul, that is to say, the distance the car moves loaded, secondly, the weight of the contents of the car.

Q. If the return on the basis of revenue ton miles which is one-quarter to one-third were to exceed the percentage of grain loadings in your total loadings then we would assume from that that it is more profitable to ship grain, would we not?—A. I do not think you could draw any conclusions like that, Mr. Johnson.

Q. If the revenue per ton mile exceeded your percentage, it would be the only conclusion you could draw?—A. You do not understand the term "revenue per ton mile". That is one ton of revenue freight, it is a ton of freight for which we are paid something, it does not matter what it is—one ton of revenue freight moved one mile. Also I want to mention this, that the figures that you mentioned in the previous question are system figures and the figures I have just quoted you as to car-loadings are Prairies and Pacific region figures.

Q. Am I to assume from that then that, from the way you answer the question, that it is more profitable to haul other commodities than grain?—A. Unquestionably.

Q. So naturally enough there will be a tendency to haul other commodities where at all possible in the allocation of the rail cars?—A. The surprising fact about it is, Mr. Johnson, that that is not or has not been the case. That has not been the case. The fact of the matter is that notwithstanding that grain is unremunerative traffic it has been given precedence over other traffic moving at substantially higher rates.

Q. It would seem to me if you were to go by precedence and give it these considerations, you would not object too strongly to the fact that a car might happen to wait for six or eight days to be unloaded to fulfill the responsibility which you have recognized on the first page, that is, the responsibility to the people who have settled there because in that whole process you are comparing the box cars as a contrast to those of the Canadian National Railways?—A. I think you should look back at my statement, Mr. Johnson. I said on page 5:

Any use of Canadian Pacific cars for the storage of grain is wasteful and must reflect on availability and cost of transportation service to not only the shippers of grain, but all shippers of other commodities as well. For that reason, I cannot condone the indiscriminate and wasteful use of box cars for the storage of grain.

Now; the Canadian Pacific Railway Company is in the transportation business and does not have a responsibility for the storage of grain.

Q. Well, let us assume for a minute that it is wasteful. Would it not be worth your while to have a little waste if you were giving your points the same equal quotas that the Canadian National Railways have given to their marketing points?—A. It depends what you call a little waste. I take you back to the \$125 million we talked about a moment ago and that, I suggest, to none of us here is a little waste.

Q. Of course you realize a farmer who is sitting in a marketing area and is unable to deliver his grain because the C.P.R. has not put the box cars there is also suffering waste. That is responsibility I want the C.P.R. to be fully aware of.—A. I think the C.P.R. is fully aware of its responsibilities. I appreciate the position the farmer is in, but as I have explained to you we have tried to do everything we can to help him.

Mr. ARGUE: For instance the 7 per cent increase.

By Mr. Johnson (Kindersley):

Q. Now, I have in my constituency 14 points on the four bushel quota, twelve of them are on the Canadian Pacific and two on the Canadian National and I cannot see any explanation for that in the evidence you have given other than the fact that it is more desirable to move other commodities which will have a faster turn-around than grain which might have a longer delay than cars on the Canadian National.—A. Mr. Johnson, that is a most erroneous conclusion.

Q. It may be erroneous from the point of view of theorists but in practice it is certainly a very real conclusion. Do you find then that the operation of the transport controller in ensuring the fair distribution of box cars between marketing points conflicts at all with the policy you would rather follow in the Canadian Pacific?—A. Would you repeat that question please?

Q. Do you find the directions which the transport controller has given you conflicting with the principles which the company has usually followed in allocating box cars as opposed to wheat and other commodities?

Right Hon. Mr. HOWE: In the first place the transport controller does not allocate box cars.

Mr. JOHNSON (Kindersley): I will take the term back then, of the dividing or apportioning.

Right Hon. Mr. HOWE: He doesn't even do that.

By Mr. Johnson (Kindersley):

Q. The transport controller must do something because he got into a bit of a hassle with them in March and April and that is what I was referring to. I wondered what function the transport controller had in apportioning box cars between grain and other commodities which would make him come to the conclusion he was badly let down by the C.P.R.—A. As far as I know the transport controller has not particularly concerned himself with commodities other than grain but as to that question I cannot answer it specifically. If you want to pursue that point I suggest you ask the transport controller.

Q. The directives of the transport controller have not conflicted in any way with the normal operations of your railroad, have they?—A. Well, if we had followed his directions literally, yes, it certainly would have. When I say "directions" I mean verbal instructions.

Q. But you did not do that?—A. No.

Q. Why did you not follow his directions when you realized that he was according to his own statement working in the best interests of the grain trade in an effort to get the grain moved to positions as efficiently as possible?—A. Because the transport controller was in error.

Q. Had the transport controller used the power which was vested in him would you have fought him in the courts if you felt he was that wrong?

The CHAIRMAN: Mr. Sinclair. We are getting into the legal end.

Mr. SINCLAIR: I think if I were going to make an answer to that kind of question I would want to have more notes on it, Mr Chairman. Any opinion on what the company would do in a case before the court is not an opinion we give off the cuff.

Mr. JOHNSON (*Kindersley*): I think there is one observation I might make here and I am very suspicious of the Canadian Pacific Railway on the basis of the information they have brought to this committee. I think they realize that some of us are lawyers and some of us are farmers but the fact that the Canadian Pacific Railway have brought eleven men to defend themselves against not only the transport controller but farm organizations makes me suspicious of the activities, if I can call them that, of the Canadian Pacific Railway in satisfying the demand of the farmers at the marketing points.

Mr. SINCLAIR: I would like you to know this, and you, Mr. Chairman and other members of the committee. The Canadian Pacific wanted to come here to help you understand a situation that has certain complications. So far as the Canadian Pacific is concerned it knows something about transportation; it does not know much about the marketing of grain if anything. There are other people at this table who know a great deal about it but we do know something about transportation. We did bring all the people we thought would be of help to you and I think it is a most improper thing for you to suggest that eleven men came here to defend the railway. Really, you know, when people come to try to help you understand something and in all good faith, I don't think that kind of a remark is called for.

Mr. JOHNSON (*Kindersley*): Well, that just substantiates my claim because those who are guilty defend themselves the most.

Mr. SINCLAIR: They do?

The CHAIRMAN: I do not think we should pursue that line of reasoning. I thought we had agreed earlier during the day that perhaps members would attempt to direct their questions to the witness in order to get the facts before the committee and then any conclusion or deduction from it could be left to a later date, but at the moment let us stick to direct questioning of the witnesses. I must say in fairness to the witnesses who are here, they came here naturally expecting to be asked a lot of questions. They also did not know what questions they would be asked. In fairness to the committee and to themselves they naturally had to bring a great deal more evidence than will be used here but in order to be in a position to answer all questions they came prepared to answer the questions and I do not think anybody should infer that they came here trying to defend or with any ulterior motive whatsoever. We must all assume we are here, everyone of us, and that includes all the witnesses, to do a job, to get the facts and then draw our own conclusions.

Mr. JOHNSON (*Kindersley*): The fact still remains they came here to make a denial to certain charges which have been levelled by the Transport Controller. I think I can keep up that same tenor by leaving certain inferences which do not need to be repeated by those in support of the C.P.R.

Mr. SINCLAIR: Just before you say any more I want to thank the chairman for his remarks which I think are the proper aspect in which we came here. I would expect you to accept that.

Mr. JOHNSON (*Kindersley*): I do accept it and I think it would have been appreciated by the committee which held a hearing also in Saskatchewan if you had been in such a haste to supply as much evidence before that committee as you have before us.

Mr. SINCLAIR: I do not understand that but maybe you do.

Mr. JOHNSON (*Kindersley*): I do, so that is all right.

By Mr. Johnson (Kindersley):

Q. Now then, on July 6 of the Wheat Board statistics, we have the Canadian National Railways having 12,000 outstanding Wheat Board orders whereas the Canadian Pacific has 22,354 outstanding orders and I would suggest again it would be highly desirable to keep in fairly close contact with all the outstanding orders so that the operations would be gauged correctly because we find in that same period the Canadian National Railways in the preceding week had 2,984 whereas the Canadian Pacific Railways supplied only 2,611 and as I mention again the Canadian National Railways had 12,000 outstanding orders and the C.P.R. 22,354. The previous week is about the same. We find the balances deliverable on quota with the Canadian National is 15,930 and on the Canadian Pacific 30,960. What is the Canadian Pacific going to do to catch up with all these problems at a time when there is no particular delay in unloading cars according to reports we have had.—A. Given the unloadings at the terminals, Canadian Pacific will do everything it can to correct the imbalance which has arisen as a result of the situation I have described. Now, you cannot do that over night, Mr. Johnson; it will take time.

Q. It took time to develop so it will take time to resolve?—A. That is a fair statement.

The CHAIRMAN: Are you through with this point?

By Mr. Johnson (Kindersley):

Q. There is one other on box cars. I should have brought it up at the start in my questioning. With relation to the box cars on American lines and on Canadian lines?—A. Yes.

Q. I notice you consistently have had in the United States more than the United States have had on Canadian Pacific lines in Canada, that is, over the last six months of 1955 at any rate?—A. Yes, I think I would agree with that. I think it is a general situation as a matter of fact. Of course, to consider that you have to know something about the pattern of traffic and how it moves and so forth and so on. Box cars, of course, are not the only cars which a railway owns. It has other cars as well. Now, when you get into the question of open top cars as we call them, which are gondolas and hopper cars and so on, you will find generally the picture is the other way around.

Q. I do not find this in statistics I got from the Transport Controller but that might be right. He says there is 4,000 difference between Canadian Pacific cars and United States cars on the Canadian Pacific and then he takes box cars alone. Box cars is about 5,000 different and in the others it varies, the general total of Canadian Pacific cars is around 12,000 and other cars 8,000.—A. I wonder if you would give me the date?

Q. July 31, August 31, and December 31.—A. Of what year?

Q. 1955.—A. This is July 1.

Q. I am speaking of the 31st which I have on this sheet.—A. I am sorry, I have not got that. I will give you July 1.

Q. Give me August 1.—A. I am sorry, I have it only by quarters. I can give you the first of any quarter.

Q. The thing I was noticing there is that there are 5,000 Canadian box cars in the United States, 5,000 cars that are not available for the movement of grain. As a general policy, do you let agents fill foreign cars on Canadian Pacific lines with grain?—A. As a general policy?

Q. Yes?—A. No, as a general policy you do not use foreign cars in domestic service.

Q. Well, that means then that every box car you have in the States is a loss of that same box car to Canada since the one we have to replace it cannot be used?—A. But again, Mr. Johnson, that is not the factor that limits loadings of grain.

Q. Your premise is, the whole program is that the Canadian Pacific Railway is unable to carry its full share of the responsibility of moving grain because of the failure of the pool officials to unload your cars as expeditiously as you would like to see and I think it is a commendable thesis for a company which is set up such as yours.—A. Mr. Johnson, the Canadian Pacific can carry its full share of the responsibility of anything. Now, that was not quite the way I put it. We did not carry our full share of the movement of grain because not only the pool elevator but the terminal elevators generally failed to accord us the percentage of unloading that we required.

Q. I just have one more question based on that same problem which could be the one of allocating among divisions. I find that in the period—

The CHAIRMAN: Did you say it was going to be on allocation of cars?

By Mr. Johnson (Kindersley):

Q. No, it is related to the one Mr. Studer had on the divisional areas. I notice several points in my area in the Burstall subdivision, require 346 cars to bring them up to a 6 bushel quota. They are presently on a 4 bushel, a 5 bushel with some on a 6 bushel quota. You have given directions to your divisional superintendent, I presume, to make every possible effort to bring those points up to the other divisional areas in the near future?—A. To equalize the quota?

Q. To bring those points on the 4 bushel quota up to the 6. They are on the 4 because of the shortage of box cars?—A. We follow the directions as we receive them.

The CHAIRMAN: I think you are getting actually into the second question. How about cleaning up the first question first?

By Mr. Johnson (Kindersley):

Q. I think that would just about sum it up then if we find the movement of grain comes under the status of the operational vice president, and so I will leave it there then.

By Mr. Dinsdale:

Q. Mr. Chairman, I have been listening to the discussion very carefully throughout the day and, while the picture is becoming a little more clear to me personally, I still feel that there are one or two points which I would like to try to have clarified to a greater extent at this time. To a certain extent I agree with Mr. Johnson that through the long weeks of discussion on the grain-handling problem there has been a tendency to pass the buck along to the various agencies involved.

Now, from your presentation today, Mr. Emerson, I think I am safe in concluding that you are approaching your problems strictly from the standpoint of transportation economics and I think that is quite a reasonable approach for one engaged in the business of transport. The crux of the difficulty during this critical period, which has been under discussion, seems to be a slowing down of the turn-around period. Now, could you tell me what you regard as a normal turn-around period, or time?—A. For grain?

Q. For grain, yes.—A. Now, let me get this clear, if I may. Do you mean the time from the day that a car is loaded at a country point until it goes to the terminal, is unloaded and comes back again?

Q. I would prefer to have the figure for the time of arrival at the terminal until unloaded.—A. I think I have given you that, 2·5 days. You will find it mentioned at the top of page 9 of my submission.

Q. Is that the normal?—A. I would not say normal.

By Right Hon. C. D. Howe (Minister of Trade and Commerce and Defence Production):

Q. Did you ever have that good a record for any season which you can remember?—A. We have come pretty close to it.

Q. It is a pretty short turn-around from neebing yard to neebing yard.—A. "Neebing yard" is not in our line. Here is a picture of the Pacific coast situation which was very much better than the lakehead situation. In the month of June we had an average time of 2·4 days, Pacific coast, not including Saturdays, Sundays and holidays. I can come back and give you every month from the beginning of the year. However, to sum up, this is November with 3·7—

Mr. DINSDALE: In a year when there was no congestion I suppose you could maintain that time?

By Right Hon. Mr. Howe:

Q. On the west coast the elevators are only handling 300 cars a day. It is a little different from the Lakehead where elevators are handling 1,200 cars a day—A. I do not think so.

Q. I have been around terminal elevators for a number of years and I never knew the turn-around to be that fast.—A. In the month of June, 1956, it was 3.2 days to the lakehead.

Q. Which is more.—A. A little more.

By Mr. Tucker:

Q. What is the figure for June at the lakehead?—A. 3.2. May was better than that, 3.1.

By Mr. Dinsdale:

Q. I think that that answers my question. Carrying it a little step further, I think it was Mr. Howe who gave the explanation that during this critical period the reason for the slowing down in the unloading process was because of the grades not in demand arriving in fairly large quantities via the C.P.R. Maybe this is getting back to the Canadian Wheat Board policy. How does it come about, when there is no demand for that particular grade of grain, that the grain is still loaded at the marshalling points?—A. I do not understand your question. When grain is loaded in box car all that the Canadian Pacific Railway knows about it is that it is a kind of grain, whether wheat, oats, barley or rye, and the approximate number of bushels estimated until it is weighed, and where it is going. We do not know anything about grade; we are not told and do not want to know; it is not our business.

Q. You have no responsibility so far as the accumulation of undesirable grades is concerned, I would take it?—A. No, we have no responsibility as to grades.

Q. Before this committee earlier we had it pointed out to us that in recent months Canada's market for grain has been shifting slightly. We are selling to iron curtain countries to Asiatic countries, and I think that the figure from iron curtain countries was 40 million bushels of wheat which is a fairly substantial quantity. Has this shift in marketing emphasis given rise to the difficulty at the head of the lakes? I mean by that, has a lot of this grain which is going to the newly-developed markets been going through

ports other than the head of the lakes?—A. You are getting into the question of marketing which is a little out of my field. Frankly, I cannot see that it has any influence on it, but I do not profess to express an expert opinion on that.

Q. You could not say, for example, whether the grain for Czechoslovakia or Russia goes through the Pacific ports?—A. A good deal of it does through the Pacific ports, I can say that, to Russia.

Right Hon. Mr. HOWE: All the Russian grain goes through the Pacific ports and practically all the other iron curtain country grain goes through the St. Lawrence and maritime ports.

Mr. DINSDALE: Does it go through Vancouver or Prince Rupert?

Right Hon. Mr. HOWE: It is all Vancouver as far as wheat is concerned. Prince Rupert is used only for barley.

The WITNESS: My report of this morning shows that yesterday there were three vessels in Vancouver to load 800,000 bushels of grain, one for Japan and the others for the United Kingdom.

By Mr. Dinsdale:

Q. Could you inform the committee what you feel is the average number of box cars required on the prairies or in western Canada to handle the movement of grain at any particular time?—A. That is a rather hypothetical question, Mr. Dinsdale. No; I cannot give it to you in that way. It would depend on the volume and the amount of movement at that time, where it is going, and the volume of other traffic as well and where it is going. But whatever it is we will, in Canadian Pacific, undertake to the best of our ability to supply the required cars so that the movement of grain will not be held up.

Q. In respect to the cars in the United States, Mr. Johnson questioned you on this point and I believe you gave him the information that there was no attempt by the Transport Controller to suggest how many cars should be diverted to the handling of pulp, metals, fertilizer, and so forth, moving to the United States, and that there has never been any discussion in dealing with those particular bulk items.—A. As far as I am aware, the Transport Controller has not taken any action in respect of any traffic other than grain and, if I may say so, none was needed.

Q. Finally, coming back to the business of the slow turn-over and a tendency for the unloading operation to be stretched out to a week and extended during the congested period, the point has arisen that there has been a tendency to use box cars for storage space. I do not know whether you can express an opinion on this point as to whether additional inland storage facilities would help to resolve this problem which seems to be a continuing one in western Canada under the present system of marketing products and so forth.—A. Additional terminal storage space would, I think, very materially help to resolve this problem. A question arises as to the use of your word "inland".

Q. Other than at seaports.—A. Other than at the lakehead.

Q. Other than lakehead or ocean ports.—A. From a railroad transportation standpoint it would be preferable at the ocean ports. Storage would be preferable at such points rather than inland.

By Mr. Leboe:

Q. I have only one simple question. I notice that the witness mentioned that cars unloaded were held for an average of 20.6 days in a particular area. The question at the moment is, who pays the demurrage on those cars that are there for a month?—A. There is no demurrage assessed on those cars.

By Mr. Nicholson:

Q. Mr. Chairman, the second paragraph in the brief points up the fact that this is a very important Canadian problem. "The fact is that the movement of grain to the lakehead and to the Pacific coast for export comprises from one-quarter to one-third of the total volume of freight traffic handled by the Canadian Pacific Railway, as measured in revenue ton-miles".

From the fact that the Minister of Trade and Commerce and the Minister of Agriculture are sitting in tonight, we all recognize how important this is to our Canadian economy.

I would like to thank Mr. Tucker, Mr. Mang, Dr. Pommer, and Mr. Weselak, for supporting the opposition members the other day in making it possible for the officials of the C.P.R. to come here. In view of the comments made by the Transport Controller, we felt that this problem should be discussed by those who were accused and that they should be given an opportunity to make their representations. I am sorry that Mr. Diefenbaker is not here. There seemed to be two Mr. Diefenbakers speaking this afternoon, the one who said that this was the best brief, and the other Mr. Diefenbaker who was not sure.

MR. DINSDALE: Perhaps I could speak for Mr. Diefenbaker on that score. I think that that is a misinterpretation. Mr. Diefenbaker still thinks it is a good brief, but he disagreed with the selection or picking out the Saskatchewan Wheat Pool.

By Mr. Nicholson:

Q. I want to come to this section on page four: "There seems no doubt but that the farmers in areas served by Canadian Pacific have not received their fair share of grain shipments in relation to the stocks they had on hand. This is not the fault of Canadian Pacific. It is the fault of the people who control the terminal elevators, such as the Saskatchewan Wheat Pool."—
A. Yes.

Q. Now I submit, Mr. Chairman, that that is an unfortunate reference in a brief of this sort. My main criticism of the discussion so far has been that Mr. Emerson, in my opinion, has not been able to establish the charge against the Saskatchewan Wheat Pool, a charge which I think is unfair. He has had a great deal of help and has interesting statistics, but I think that he should have been able to have told the committee about the performance of the Canadian National Railways with respect to the Saskatchewan Wheat Pool during this period. If the C.P.R. are handling over 50 per cent of western grain, some of which is certainly from Saskatchewan, the Saskatchewan Wheat Pool should handle upwards of 50 per cent of the grain coming from Saskatchewan. They have not always been able to do that. A great many of the Saskatchewan Wheat Pool members have no alternative but to ship their grain over the C.P.R. and I do not think that Mr. Emerson can make it stick that the Saskatchewan Wheat Pool has been unfair to its members who are shipping over C.P.R. lines. This does not say so in so many words, but it does suggest that there is a conspiracy that the Saskatchewan Wheat Pool has been unloading C.N.R. cars and has not been unloading C.P.R. cars. If that is the case, then I think that Mr. Emerson should have had his figures and have been able to show that during this period, which has been described by the Transport Controller as the bad people, that the Saskatchewan Wheat Pool was using unfair methods and was unloading C.N.R. box cars but was not unloading C.P.R. box cars.

The Minister of Trade and Commerce mentioned the fact that there is a lot of grain out of condition, or bordering on that, and it hardly seems possible to me that all the grain should have come from C.N.R. points, and none of it from C.P.R. points.

I think if the Saskatchewan Wheat Pool has an opportunity to appear—and I think they should after these charges—

Right Hon. Mr. HOWE: There is no charge. If you will take a pencil and paper, and take the elevator capacity of the Saskatchewan Wheat Pool and compare it with the terminal capacity of the Saskatchewan Wheat Pool you will find that the capacities out of balance with relative capacities of most other elevator systems. Nobody knows that any better than the Saskatchewan Wheat Pool.

Mr. NICHOLSON: But Mr. Emerson has given the committee the impression that the Saskatchewan Wheat Pool was not unloading C.P.R. cars.

Right Hon. Mr. HOWE: No.

Mr. NICHOLSON: He suggested that this is not the fault of the Canadian Pacific Railway but is the fault of the people—

The CHAIRMAN: You are wondering what the C.P.R. said. The witness is here. Let us have the witness' answer as to what he meant.

The WITNESS: It is rather difficult to follow. This is quite a long statement. First of all, he suggested that I should have developed what the picture was with respect to the C.N.R. That is over in somebody else's back yard. I have quite enough to do and I am fully occupied in the C.P.R.'s backyard without poaching over across the fence. Secondly—

By Mr. Nicholson:

Q. Before you leave that, Mr. Milner said the C.N.R. had a very good record and that you had a very bad record. I think it certainly would have strengthened your position if you had given us the picture as to what the Saskatchewan Wheat Pool had done for the C.N.R. in that period.—A. You would have me go to the Canadian National Railways to collect statistics for some period with respect to all of the elevators on their line, at the lakehead, and the number of cars unloaded, and so forth. That is their business.

Q. Pool No. 4 had a very bad record during that period as far as your company is concerned.—A. Right.

Q. And the only conclusion I could draw is that the pool treated you differently from the Canadian National Railways.—A. No, I do not think you can draw that conclusion. They may have treated the Canadian National Railways just as badly, for all I know.

Right Hon. Mr. HOWE: We should remember that during that period the pool elevators were plugged and they could not take in any more grain than they were unloading from day to day.

By Mr. Nicholson:

Q. We were told by Mr. Milner that the Canadian National Railways had a very good record, and that as to the Canadian Pacific Railways when he got around the pen pushers and got into touch with Mr. Crump, things worked out a little better. However, if you have not got that information—A. I have this information and I shall repeat it again. This is a measure of the performance of the Saskatchewan pool as compared to the other terminal elevators. In March 1956, cars of grain billed to the Saskatchewan pool were held at Fort William for an average of 20.6 days excluding Saturdays, Sundays, and holidays, before they were unloaded.

The cars handled through the other elevators were only held for an average of 8.3 days, and that is quite a disparity.

Q. The Saskatchewan Wheat Pool in their official publication "Western Producer" for July 12th, have an analysis of the points where the four or five bushel quotas have been, and they say that at the end of June on the Canadian

Pacific line there were 124 points which had four bushel quotas, and 242 which had five bushel quotas; but at the same time on the Canadian National Railways only four points had four bushel quotas, and 138 had five bushel quotas; and if you add those two figures together you get 68·80 per cent of the points on the Canadian Pacific where there was a quota of five bushels or less and at the same date on the Canadian National Railways there was 29·78 per cent; that was the problem that we were discussing with Mr. Milner.—A. Yes.

Q. When he took his "crack" at the Canadian Pacific Railway.—A. Yes.

Q. While there has been some improvement, the map which appears in the last "Producer" of July 7th shows that there are 78 stations which still are on a four bushel quota, and on the line which Mr. Diefenbaker discussed this afternoon from Nipawin to Prince Alberta and at several points along that line, I might say that nearly every point along this line is on a four bushel quota. How can you tell me that the Saskatchewan Wheat Pool is not aware of this problem and is not concerned about it? I think you will have to think up a better explanation as to your points in the prairie provinces. As I said, on the last day of June there were 86·80 per cent of the points on your line with a quota of less than five bushels, and only 29·7 on the C.N.R. That is the problem, and I think those who have not lived on the prairies cannot appreciate how serious it is for our economy when that is the way the picture looks at close to the end of the crop year.

I hope by the time we meet tomorrow with your advisors who are here you will have a chance to try to give the Saskatchewan Wheat Pool a clear name, and that they can suggest some other factors which should be taken into consideration. But before I sit down I have another proposal which would help to solve the problem.

You mentioned that you are not operating into Churchill. But you are serving the north country with Canadian Pacific airlines. I have a copy of your C.P.A. timetable and I see that you recognize the importance of this growing part of Canada. I also have your railway timetable showing the equipment of the new Canadian, and that you are paying a great deal of attention to the development of the needs of Canada.

MR. PURDY: Mr. Chairman, is this supposed to be a question?

THE CHAIRMAN: There are quite a few members of the committee who are wondering just what your question is leading to. We are trying now to dispose of direct questions to the witness, so let us do just that.

MR. NICHOLSON: I want the witness to tell me why they have not before now connected up from Nipawin to The Pas where they could make use of the Government owned Hudson Bay railway.

THE CHAIRMAN: Do you mean to build a railway, adding a branch line?

MR. NICHOLSON: Or they could get running rights over the Canadian National Railways. They are complaining about the turn-around, but they have a large number of shipping points which are much closer to Churchill than to Fort William or Vancouver, and I submit this is a proper question. The Canadian Pacific has gone into the north country where branch lines have been built by rival railways. The question of getting grain from these northern shipping points to Churchill is an appropriate one and I would like the witness to indicate what consideration has been given to the getting of grain from the area that has a favourable freight rate to Churchill.

THE WITNESS: That is quite a question, Mr. Nicholson, but to go back to the first part of it—

THE CHAIRMAN: I am allowing you to answer it because most of the question got on the record, but I do not think it is the type of question which should be answered at this stage particularly where we are dealing with very specific

questions. Now, if you get into the building of branch lines—naturally anything in connection with the Canadian Pacific Railway is connected with the question before us—but we are not reviewing the operations of the Canadian Pacific Railway as such. We are dealing with one specific point and I suggest that we have got to stick to that one point at the moment. If you care to answer the question you may do so, since the question is on the record.

The WITNESS: Several pages back Mr. Nicholson asked if we could come up with a better explanation concerning the disparity in the situation of the farmers. I suggest that Mr. Nicholson read and re-read the paragraph which begins about two-thirds of the way down on page 4, and that it with the rest of the brief will fully explain my position.

As to the question of why we do not go up to Churchill, Churchill is already served by the Canadian National Railways adequately I assume, and I can see no particular advantage in the Canadian Pacific running up there.

The CHAIRMAN: Mr. Tucker?

By Mr. Tucker:

Q. I wonder if I have one of these sets of figures correctly which were given by the Dominion Bureau of Statistics and which show that the increase in the first six months of this year as compared to a similar period last year was some 227,062 cars of grain as compared to 166,219 cars, as I figure it, and that is an increase in the car loading of grain during the first six months of this year of 36 per cent.

Now, according to the figures as I understand you to give them to us since the dinner recess, the increase in percentage of car loading by Canadian Pacific Railway is 26·1 per cent.

What that seems to indicate to me is that your increase in car loadings during the first six months of this year as compared to the first six months of last year is 26·1 per cent, and if the increase in car loadings of all railways was 36 per cent, and if you handled a little over 50 per cent of the grain, it means that the increase in car loadings of other railroads, other than the Canadian Pacific Railway, would be at least 46 per cent. Now to me there is an astonishing difference between what the Canadian Pacific managed to do in increasing car loadings of grain as compared to what the other railroads did.

The other railroads increased their car loadings of grain during the first six months of this year by about 50 per cent while you only increased your car loadings of grain by 26·1 per cent. If I have those figures correctly, it seems to me that you should have some explanation for them.—A. Well, the explanation is here, Mr. Tucker, that we did not get the unloadings.

Q. Coming to that then, you have given the figures in regard to March.—A. Yes.

Q. In March navigation had not opened.—A. Yes.

Q. And naturally cars would be waiting on the sidings there for navigation to open. Now then, as the minister pointed out, the pools have not got the same proportion of storage at the head of the lakes compared to their elevator system in the west; the Saskatchewan pool—there would be a tendency for them to have cars there waiting to be unloaded until navigation opened.—A. Yes, using boxcars for storage.

Q. Yes; but when you come to April as presented by your figures, your average detention of cars until navigation opened, until April 6th—your average detention of cars in April was only 4·6 days which indicates there was not any great delay in April; and in May, it was 3·1 days, and in June it was 3·2 days. It seems to me that you were getting your cars unloaded once the navigation opened fairly fast.—A. Well, 4·60 to you apparently does not seem very bad.

Q. Bear in mind that there were six days of that time when navigation was not open.—A. Yes, May and June were certainly better than anything we have experienced in this crop year to date; but again, and I go back to it, the situation that limited the loading of cars from Canadian Pacific points was not the shortage of boxcars, not the question of boxcars, it was the unloading of cars at the lakehead terminal.

Q. I suggest to you that during March when they were waiting for navigation to open, that in all likelihood cars of the Canadian National Railways were waiting to be unloaded too, as on your railroad?—A. That may be.

Q. And I suggest to you too that once navigation opened, with the three to one and the three to two pool for unloading cars—I suggest it is doubtful if the Canadian National Railways did any better.—A. The point is not whether the Canadian National Railways did any better; the point is that we had a lot of grain there, and if they wanted that grain, they were free to come and pick it up whereupon we would take the cars back and unload them.

Q. Do you suggest that they should have unloaded your cars faster so that you would have had less delay than 3.2 days on the average?—A. Certainly, particularly if they wanted to have more grain from Canadian Pacific points to equalize quotas, by all means.

Q. You say that the fact that they did not unload your cars fast, that this 3.2 is the reason why in the first six months of this year the other railroad company stepped up its loading of boxcars of grain by 52 per cent, while you only got it up to 26 per cent?—A. You are drawing quite a conclusion!

Q. Yes, and what is the reason?—A. I think it must be obvious to you that you are drawing a conclusion as to the first six months of this year based on the last of the first six months. Let us be reasonable!

Q. After all, the others had to contend with the necessity of sharing the shipping out of Churchill during that time.—A. I know.

Q. And there could not be very much going to Prince Rupert.—A. Probably not.

Q. So they had the necessity of shipping to the sea coast the same as you had.—A. Yes.

Q. They had exactly the same problem, yet they stepped up their car loadings during the first six months of this year by almost 50 per cent, while you stepped up your car loadings by only 26 per cent. It seems to me that in that fact there is some excuse for the Transport Controller feeling that you had not done as good a job as the Canadian National Railways. I speak as I see it, and I would like to know why you can justify where you obviously handled more than 50 per cent, how you feel you can justify an increase in car loadings during the first six months of this year of almost 50 per cent on the other railroads with a little over one half of that increase on your railroad?—A. I am not clear that I understand your question, but I think I get your point: first, as to why the other railroads stepped up their loadings more than we did. They stepped up their loadings more, and I suggest if you look back at the figures we got for Vancouver for the first six months—I will give them to you again—I am sorry, this is the crop year to date—but it is probably indicative of the Canadian National Railways unloadings at Vancouver that they have increased during the crop year up to midnight last night from 16,302 cars for last year as compared with 25,489 cars this year, that is the unloadings, which roughly increased 50 per cent.

Canadian Pacific 34,250 cars last year, 33,661 cars this year. That is a small decrease.

Q. Well, what reason did you give for it?—A. I do not recall the reason you gave on the Pacific coast?—A. I did not give a reason, Mr. Thatcher, because that again is a question of those who control the unloading at the terminal elevators.

Q. Are you suggesting there the pools also did not unload your cars on the basis that they unloaded the Canadian National cars or what are you suggesting regarding the Pacific coast?—A. The only thing I can point out to you in connection with the Pacific coast situation is to look at the statement, page 19, of my brief. Now, in comparisons between the time that Canadian Pacific cars are held under load at terminals and the time that Canadian National cars are held under load I want you to bear this in mind, and very clearly because it is very important to us, Canadian National may be able to afford to have their equipment lying around the terminal waiting unloading, Canadian Pacific cannot.

By Mr. Johnson (Kindersley):

Q. If one might interject a question on this point. You say on page 19: No mention 75 per cent made by Kane here, but we have worked basis we should have 65 per cent split. However, Kane states so long as C.N. continue loading at present rate, this not possible and unloads must be in direct ratio to cars under load both lines.

That means under load all over, does it not? If you have grain at Kinderley, Saskatchewan, it is under load and the under loads would be of that ratio?—A. No, the meaning of that is under load at the terminal, waiting unloading.

Q. It does not say that?—A. A grant you after all this is a telegram between people who understand the situation and you do not spell out all of these things.

Q. So this is not the effect of under load somewhere else in the line, it is of any particular unloads?—A. No, in the application of this I would say no.

Q. I would assume that was so referring it to the wheat end but if you look at it from the railway end I disagree with you.—A. You may make that assumption if you wish, but that is the theory.

Q. I am not a theorist.

By Mr. James:

Q. On that basis, have you any figures on proof to show that the C.N.R. did leave their box cars lying around the terminals in Vancouver more than yours?—A. Excuse me, that was in connection with the lakehead?

Q. In connection with Mr. Tucker's remarks about Vancouver.

By Right Hon. Mr. Howe:

Q. The situation on the west coast is quite clear. There a rule has been enforced that cars are unloaded in proportion to the total of cars in the terminals, so if the Canadian National has 800 in the terminal and you have 400 the elevators unload two C.N. for one C.P.?—A. That is the theory.

Q. Of course, the situation at the lakehead is quite different. If there is a vacant track allocated to you, you fill it?—A. That is right.

By Mr. Johnson (Kindersley):

Q. If you want more unloading you just put more cars in the terminals?—A. That is not railroading.

Q. That is the way to provide service to farmers though?—A. No, we do not provide storage.

By Mr. McCullough (Moose Mountain):

Q. Mr. Chairman, I think we have all listened with a great deal of interest to what has been said by the witness. I want to agree with those who took exception perhaps to the paragraph on page 4 where it seems to me

that the Saskatchewan Wheat Pool has been singled out by the witness for severe castigation for the fault which has arisen with respect to grain deliveries in the west.

Now, I have a series of questions on subjects which are not clear in my mind that the evidence which the witness has given us is exactly the situation.

First of all, we have, of course, Mr. Milner, the Transport Controller, accusing the Canadian Pacific of not cooperating with them, him and his department. That has been confirmed and now we have—A. Excuse me, Mr. McCullough, you say that has been confirmed?

Q. Well, you have agreed?

Mr. SINCLAIR: We agreed that he did make that statement. That is what you mean?

Mr. MCCULLOUGH (*Moose Mountain*): Yes.

Mr. SINCLAIR: We agree he made the statement but we disagree with the statement.

By Mr. McCullough (Moose Mountain):

Q. And you in your brief turn around and say that that is not the reason but that the failure arises from the persons who control the unloading of cars at the terminal and further down in your brief on the same page you state:

It is the fault of the people who control the terminal elevators, such as the Saskatchewan Wheat Pool.

And it would seem to me if you had an equal reason for accusing other people in turn at terminal elevators you would have included them in your brief and laid the fault at their doorstep too, but you did not do that. You picked out the Saskatchewan Wheat Pool?—A. Yes, because I did not have an equal reason, Mr. McCullough, and I go back to the fact that in the month of March, 1956, for example, Saskatchewan pool cars lay at Fort William for 20·6 working days excluding Saturdays, Sundays and holidays—over three weeks if you want to, between the time they arrived and the time they were unloaded, three weeks plus, all other elevators other than Saskatchewan pool 8·3 days.

Q. I am not going to make accusations, I am trying to find out information at this point. It is true then that you had instructions from the Transport Controller to put in more cars at certain points which you in the carrying out of your duties did not see fit to agree with, is that correct?—A. No, that is not correct.

Q. Mr. Milner accuses the C.P.R. of not cooperating with him. What was the lack of cooperation in your estimation? I understood you further to testify here that you had said that you had not followed up the instructions of the Transport Controller?—A. No, I did not say that. I said the Transport Controller had issued no directions. He was continually urging upon us the desire of increasing carloadings. We at the same time were pointing out to him time after time the necessity for increasing unloadings. He could perhaps not take any effective action. I do not know. I did not try to assess that situation but the result was that we had to control loadings in relation to unloadings or else we would have ended up with all our box cars full of grain lying idle on the sidings. As to the question of cooperation, here is an exchange of correspondence with the Department of Transport and it is dated, Montreal, February 22, 1956. It is addressed to me and it says:

Dear Mr. Emerson:

In a discussion with your transportation officials, yesterday, they referred to an inquiry you had made concerning shipments of wheat to Saint John, particularly with regard to 2 Northern wheat.

I may begin by stating that shipments of grain this year via the Atlantic ports will be at the highest level ever recorded for these ports during a similar period. As a matter of fact, it just about equals the physical handling capacity of the elevators. The elevator that you operate in West Saint John, handles the bulk of the grain and the majority of this is shipped in many small parcels, loaded to liners. As you know, the licensed capacity of your elevator at Saint John is 2,500,000 bushels. The effective storage capacity is approximately 2,200,000 bushels. This winter, in addition to having these heavy shipments there is the greatest variety of grades and kinds of grain. At all times, they have had, at least, 12 to 20 different grades or varieties of grain in store, limiting, therefore, their space to as low a point as 1,500,000 bushels.

As for the wheat, they have had great quantities of 1, 2, 3, 4 Northern wheat, Nos. 5 and 6 wheat, Nos. 2 and extra 4 Canadian Western Amber Durum wheat, small quantities of barley and oats, soya beans and corn and very great quantities of flax. As you are aware, flax is an extremely difficult commodity to handle and due to the great variety of dockages, it takes up a great deal of working space in an elevator.

The Canadian Wheat Board sells the wheat in quantities from 5 tons to 9,000 tons for certain periods, not by named steamer. So far there has been over 1,500 different contracts ranging from 5 tons to 9,000 tons and most of these are for smaller amounts. I worked in very close association with your foreign freight and transportation officials and I may add that I received excellent cooperation. Each week, I supply them with a statement showing the sales by grades for the month and the number of cars by grades to be loaded to meet these commitments. In addition, I arrange to contract all the purchasers of this grain in an effort to ascertain what steamers will load all the various contracts. I supply your officials with a list of all vessels that are scheduled to load grain in Saint John, the quantities to be loaded and the due dates, with as many details as it is possible to obtain. As you are aware, no one can control the arrival date of all the vessels. Some vessels arrive 10 days to a month after their contract date and some arrive similar periods prior to their dates. With such small capacity in the elevator and with such great quantities to be shipped, it is impossible to anticipate for all the daily changes.

Early in January, we placed an order for 2 cargoes from Fort William to Saint John, of extra 4 Amber Durum wheat, for a vessel arriving on February 5 and another for a steamer arriving between the 20th and 25th of February. These cargoes are now in Saint John taking up a great deal of the space and is one of the chief causes for the congestion at the moment. The steamer "MELIDE" that was to load the cargo on or about February 5 was trapped in the ice in Europe, in the Kiel canal, and has not been able to proceed to Saint John. No one can predict those things or foresee such matters. I can assure you that your officials, both in the foreign freight and transportation departments, have been doing an extremely fine job, overcoming countless difficulties.

Some vessels are encountering delays due to congestion in the port

but that is expected when such heavy shipments are scheduled and when ocean vessels bunch as they have been doing, due to bad weather in Europe, and on the Atlantic and in the maritimes.

Yours very truly,

Frank T. Rowan,
Deputy Transport Controller.

Q. It is quite a lengthy statement?—A. I wanted to quote it in its full context.

Q. I appreciate that. I think you said, Mr. Emerson, or the burden of your complaint, shall I put it that way, of not being able to serve the western farmer has been the unloadings, the rate of unloadings and turn around at the terminal elevators, is that correct?—A. I think that is a fair summary, the rate of unloadings.

Q. Have you any information as to the unloadings of the Canadian National and whether or not they were faced with the same situation?—A. I think I put that on the record. Again I want to say to you that the question of time, the delay at the terminal is not the whole criterion, it is not the sole criterion. The point is that if Canadian Pacific was to handle "X" per cent of the grain, it had to receive "X" per cent of the unloadings irrespective of whether we could turn the cars around in one day or ten days but naturally from our point of view we are not going to let them stand around idle under load because as the Transport Controller said box cars were not built to store grain.

Q. Do you agree, Mr. Emerson, that the points in Saskatchewan in particular and in the Lethbridge area in Alberta served mainly by your company are points where the low bushel quota and where most of the farmers are experiencing difficulty is a fact?—A. Unfortunately that is so. Let me give you an analogy, Mr. McCullough. The situation is something like this. The C.P.R. was in the position of a mother with a brood of children who were hungry because she could not get enough bread to feed them.

Q. You mentioned, I think, that you had some 13,000 more boxcars in the United States on line or perhaps if my figure is wrong I would like you to correct me, that there were American boxcars on your line in the west. Is that correct?—A. No, I gave you no such figures such as that.

Q. What was the disparity?

The CHAIRMAN: Is that not on the record?

By Mr. McCullough (Moose Mountain):

Q. Perhaps that was the total of all lines. Would that be it?—A. Would you like to pick a date? It changes from day to day. I will give you at the end of any quarter.

Q. Well, April 1st.—A. On April 1st, very well. As of April 1st, the Canadian Pacific owned 48,558 boxcars. There were 10,999 Canadian Pacific boxcars on United States lines. There were 6,657 United States boxcars on Canadian Pacific lines. What we call our percentage of boxes on line to ownership was 88·9. You can work out the mathematical relationship but that gives you a picture of how we stand with respect to car supply—88·9.

Now, on open top cars at the same time—and you have to look at the open top cars if you are going to look at the whole picture—we owned 12,790 cars, Canadian Pacific had 854 of its open tops on the United States lines, 2,805 United States open tops were on Canadian Pacific lines so our percentage of open tops on lines to ownership was 112·8.

Q. I understand Mr. Emerson, whether they are open top or ordinary boxcars you don't usually load American boxcars with Canadian wheat, is that correct?—A. For shipments in Canada?

Q. Yes.—A. That is right.

Q. Do you mark many of your boxcars for definite commodities? By that I mean is it not true that some of your boxcars on lines, even Canadian boxcars, are marked for pulp loadings, or specific loadings rather than grain?—A. Well, I don't know quite what your point is, but I gave you the figures in car loads for all car loadings in western Canada and you can draw the conclusion.

Q. I would appreciate having this question answered. Have you not certain types of boxcars in Canada on your line which are designated for specific loadings such as pulp or paper products or sugar, in other words, including the wheat? It seems to me I have seen on the rail lines markings on the boxcars "To be loaded with certain commodities".—A. Flour, newsprint and other high class commodities?

Q. Yes.—A. At times, yes.

Q. Could you tell me how many of such boxcars you would have on American lines?—A. I am sorry I can't tell you that.

Q. Or what percentage you have so designated?—A. I am sorry I can't tell you that.

Q. I think Mr. Emerson, you made the statement that the unloadings were the main criterion as to the handling of grain in western Canada?—A. The limiting factor in so far as Canadian Pacific is concerned.

Q. And I think you tried to make the point that an additional amount of cars, say, 10,000 cars would have not made any material difference in the movement of grain from the farmers into lakehead positions or marketable position?—A. The only conclusion you can reach is that if we had loaded another 10,000 cars they would still be under load.

Q. Are you taking the responsibility to say that while you have nothing to do with the unloading at the terminal elevators you had no responsibility in other words, it was somebody else's job there, the rate of unloading does determine the movement of grain from the farmer to the marketing positions?—A. Yes.

Q. And then would it not be true as far as your knowledge is concerned that if the ratio was not changed that you would still have in the movement of grain more cars at those various points which would be warranted by the speed up in the movement of boxcars and putting them back into position to take more grain?—A. I am sorry I don't follow the last part of your question. It is not clear to me. Would you mind repeating it?

Q. My question is this: in view of the fact that there is a rate of unloading which perhaps is governed to some extent by the sales position of our grain, new markets as well, how could you be certain that if you had increased cars available that you could not move more grain into marketable positions by which there could be a speed up of unloadings and a consequent increase in sales right along the line?—A. Because, Mr. Taylor and I control the situation. We want to see that there is always grain under load at the terminals awaiting unloading. Now, if the rate of unloading speeds up, then we arrange for increased loadings. If the rate of unloading slows down we have to slow down our rate of loading. It is just as simple as that.

Q. One other question. I understand that when the cars are moved into the terminal spot that they are classified and spotted and under the agreement which you have with the companies, I suppose, you can designate those cars to be unloaded if you see fit, if for any reason there is a long delay, is that correct?—A. You mean as to diversion?

Q. You have the authority of the company to designate that the boxcar can be unloaded at any other point if there is a delay at one specific point?—A. To divert it to another elevator providing—and here is the big question mark—providing you can get another elevator to accept it.

Q. Yes, of course. You could not put it on the ground.—A. I mean you must have their concurrence.

Q. Now, you have stated Mr. Emerson, that strangely enough box cars are still available for grain in spite of the fact that other types of freight carry a greater return for your company. Is that a true statement of what you said?—A. Would you repeat that please?

Q. That the available box cars for the handling of grain were greater than they were for other commodities of freight which were more highly remunerative to your company?—A. I think that is a fair statement, yes. That is not quite the way I put it but that is close enough.

Q. Well, what preference then do you make for grain? How do you designate your cars between the various classes of freight?—A. You have got to have this picture in your mind, Mr. McCullough.

These cars are not designated necessarily. The car that goes down to Fort William today with grain may come back tomorrow with L.C.L. freight, for example, which has arrived by lake steamer and it may go out to some western point and go on to the coast with grain and come back with lumber. They are all part of a pool.

The CHAIRMAN: Does that complete your questions?

Mr. McCULLOUGH (*Moose Mountain*): Yes.

The CHAIRMAN: I think the committee is ready now to proceed with the other phase and I would think tomorrow morning when we meet again we might get on with the allocation.

By Mr. Johnson (Kindersley):

Q. One other question, Mr. Emerson, should be able to answer very quickly. In regard to the unloadings of cars in the United States, can you give us any figure for the delay in unloading in the United States as compared with the terminals here?—A. No, I have no figures on that except that a demurrage is effective in the United States after two days.

Q. You have no figures at all on how your cars reach the destination compared with our unload?—A. That is a movement over United States railroads, Mr. Johnson. We do not have that.

Q. I would think you would want to know when you are designating it to a certain class of freight to destination you would want to know how long before it would be back and how much demurrage there would be and when it would be back here on your tracks?—A. The demurrage does not concern us. The demurrage is collected by the United States railways. As to the per diem the day the car goes off line and is interchanged with an American road per diem starts and it continues until its return to us whether one day, ten days or fifteen days. But the per diem is paid on the car until it is returned to us.

Q. Does that per diem charge compensate you for the lack of utilization of that car while it is on that line?—A. That is a big question. As a matter of fact it is one that is causing quite a lot of concern in the United States at the present time. I do not think I need to go into that but let me say this, a convention between railways on the North American continent. It is arrived at by the A.A.R., Association of American Railroads.

The CHAIRMAN: Shall we adjourn and we will meet tomorrow morning at 11.30.

The committee adjourned.

APPENDIX "A"

Copies of communications exchanged by the Chairman of the Committee and the following organizations:

- (1) Ontario Concentrated Milk Producers' Marketing Board;
- (2) Canadian Pacific Railway Company;
- (3) Skiff and District Board of Trade.

ONTARIO CONCENTRATED MILK PRODUCERS' MARKETING BOARD
409 Huron Street, TORONTO 5, Ontario

MAY 31ST, 1956.

Mr. René Jutras, M.P.,
Chairman of Agriculture Committee,
House of Commons,
OTTAWA, Ontario.

Dear Sir:

The Ontario Concentrated Milk Producers' have a few problems that they would like to discuss with the Agricultural Committee, of the House of Commons. I have tried through other channels to get an appointment, but I guess I did not make the request to the proper person.

We would appreciate this opportunity at your convenience. I am,

Yours very truly,

ONTARIO CONCENTRATED MILK PRODUCERS'
(sgd.) CHAS MILTON
Secretary-Manager.

OTTAWA, JUNE 28, 1956.

Mr. Chas. Milton,
Secretary-Manager,
Ontario Concentrated Milk Producers'
Marketing Board,
409 Huron Street,
Toronto 5, Ont.

Dear Mr. Milton:

This will acknowledge receipt of the request on behalf of your organization to appear before the Agricultural Committee of the House of Commons.

I delayed answering your letter to ascertain whether the references given by the House would be broad enough to include representation from your organization. So far my only reference is to consider the report of the Board of Grain Commissioners and that of the Canadian Wheat Board. You will appreciate that these deal exclusively with grain.

At the moment the subject matter of your representation would therefore not come within the reference. Should the House see fit to give us a reference broad enough to include dairying, I would be very pleased to submit your request to the Committee. You can rest assured that you would be duly notified without delay. I do not foresee, however, any new matters being referred to the Committee at this late date of the session.

Yours truly,

René N. JUTRAS, M.P.
(Provencher)

CANADIAN PACIFIC RAILWAY COMPANY

D. S. Thomson,
Vice-President

MONTREAL, JULY 9TH, 1956.

R. N. Jutras, Esq.,
Chairman,
Standing Committee on Agriculture,
House of Commons,
Ottawa, Ont.

Dear Mr. Jutras:—

The weekend press has carried reports of hearings before your committee in the course of which some critical statements were made concerning the performance of this Company in the handling of the Western grain crop.

In Mr. Crump's absence, I am writing to inform your committee that these statements, as reported in the press, are completely unfounded and erroneous. Throughout the current crop year, as in former years, Canadian Pacific has played its full part in the movement of grain. The fact is that at all times during this crop year a substantial number of Canadian Pacific cars have been waiting unloading at the Lakehead and Pacific Coast terminals.

Canadian Pacific would welcome the opportunity to have its senior officers, directly responsible for the transportation of grain, appear before your committee to present the facts.

Yours very truly,

(sgd.) D. S. THOMSON
Vice-President.

OTTAWA, JULY 11, 1956.

Mr. D. S. Thomson,
Vice-President,
Canadian Pacific Railway Co.,
Montreal, Que.

Dear Mr. Thomson:

This will acknowledge receipt of yours of the 9th instant.

At the last sitting, on the same day, the Committee instructed me to ask your President or other officials of the Canadian Pacific Railway Company to appear before the Committee.

The Committee meeting to hear your Company's representations is scheduled for Tuesday, July 17th at 11:30 a.m. in Room 118 of the House of Commons.

I would be glad to give you any information you may wish to have on the practice and procedure of our Standing Committee.

Sincerely,

René N. JUTRAS, M.P.,
Chairman.

Jul 12 9 56 AM '56

SKIFF ALTA 11-12

Chairman Agricultural Committee
House of Commons Ottawa

At a large number of points in western Canada there is a grain delivery quota of eight bushels since we have a compulsory marketing system on our grain we demand on behalf of our district farmers that we be given equal quotas and the necessary time needed for delivery in this crop year skiff has only a four bushel quota which cannot be delivered for lack of room at the present time our elevators have shipping orders totalling ninety eight box cars this order cannot be filled for lack of railway cars this number of cars would take care of a six bushel quota skiff and district board of trade

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HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

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STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.,

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

Report of the Board of Grain Commissioners for Canada for 1955

WEDNESDAY, JULY 18, 1956

WITNESSES:

Mr. R. W. Milner, Transport Controller and Commissioner, Board of Grain Commissioners. *From the Canadian Pacific Railway Company:* Mr. R. A. Emerson, Vice-President, Operation and Maintenance; Mr. D. S. Thomson, Vice-President; Mr. C. P. Samwell, Supervisor of Transportation; and Mr. I. D. Sinclair, General Solicitor.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.,
and Messrs.

Anderson	Harrison	Montgomery
Batten	Huffman	Murphy (<i>Westmorland</i>)
Blackmore	James	Nicholson
Boucher (<i>Châteauguay- Huntingdon- Laprairie</i>)	Johnson (<i>Kindersley</i>)	Perron
Bruneau	Kickham	Pommer
Bryce	Kirk (<i>Antigonish- Guysborough</i>)	Proudfoot
Bryson	Laflamme	Purdy
Cardiff	Leboe	Quelch
Charlton	Légaré	Roberge
Clark	Lusby	Robinson (<i>Bruce</i>)
Decore	MacKenzie	Schneider
Demers	MacLéan	Smith (<i>Battle River- Camrose</i>)
Deslières	Mang	Stanton
Diefenbaker	Massé	Studer
Dinsdale	Matheson	Thatcher
Fontaine	McBain	Tucker
Forgie	McCubbin	Villeneuve
Gingras	McCullough (<i>Moose Mountain</i>)	White (<i>Middlesex East</i>)
Gour (<i>Russell</i>)	Ménard	White (<i>Waterloo South—60.</i>)
Harkness	Michaud	

E. W. Innes,
Clerk of the Committee.

ORDER OF REFERENCE

WEDNESDAY, July 18, 1956.

Ordered,—That the name of Mr. Bryson be substituted for that of Mr. Argue on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

WEDNESDAY, July 18, 1956.
(19)

The Standing Committee on Agriculture and Colonization met at 11.55 a.m. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Bruneau, Bryce, Bryson, Charlton, Diefenbaker, Dinsdale, Forgie, Huffman, James, Johnson (*Kindersley*), Jutras, Laflamme, Leboe, Mang, Massé, McCullough (*Moose Mountain*) Ménard, Michaud, Nicholson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Smith (*Battle River-Camrose*), Stanton, Studer, Thatcher, Tucker, and White (*Middlesex East*).

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce; Right Honourable J. G. Gardiner, Minister of Agriculture; Mr. R. W. Milner, Transport Controller and Commissioner, Board of Grain Commissioners; Mr. C. B. Davidson, Secretary, The Canadian Wheat Board. *From the Canadian Pacific Railway Company:* Mr. R. A. Emerson, Vice-President, Operation and Maintenance; Montreal; Mr. C. P. Samwell, Supervisor of Transportation, Moose Jaw; Mr. D. S. Thomson, Vice-President, Montreal; Mr. R. E. Taylor, General Superintendent of Transportation, Montreal; Mr. T. Wood, General Superintendent, Manitoba District, Winnipeg; Mr. T. R. Weise, Assistant to Superintendent of Transportation, Winnipeg; and Mr. I. D. Sinclair, General Solicitor, Montreal.

The Committee further considered the Report of the Board of Grain Commissioners for Canada, 1955, particularly with respect to grain handling and delivery.

Agreed: That Mr. R. W. Milner, the Transport Controller, be recalled and permitted to make a statement at this time.

Mr. Milner presented his statement and was questioned thereon.

At 1.05 p.m. the Committee adjourned until 3.00 p.m. this day.

AFTERNOON SITTING

(20)

The Standing Committee on Agriculture and Colonization resumed at 3.00 p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Anderson, Bruneau, Bryson, Cardiff, Charlton, Deslières, Diefenbaker, Dinsdale, Forgie, Gour (*Russell*), Harrison, Huffman, James, Johnson (*Kindersley*), Laflamme, Leboe, Légaré Mang, Massé, Matheson, McCullough (*Moose Mountain*), Ménard, Michaud, Nicholson, Pommer Quelch, Roberge, Robinson (*Bruce*), Smith (*Battle River-Camrose*), Stanton, Studer, and Tucker.

In attendance: Right Honourable J. G. Gardiner; Mr. R. W. Milner, Transport Controller and Commissioner, Board of Grain Commissioners; Mr. C. B.

Davidson, Secretary, The Canadian Wheat Board. *From the Canadian Pacific Railway Company*: Messrs. R. A. Emerson, Vice-President, Operation and Maintenance, Montreal; C. P. Samwell, Supervisor of Transportation, Moose Jaw; D. S. Thomson, Vice-President, Montreal; R. E. Taylor, General Superintendent of Transportation, Montreal; T. Wood, General Superintendent, Manitoba District, Winnipeg; T. R. Weise, Assistant to Superintendent of Transportation, Winnipeg; I. D. Sinclair, General Solicitor, Montreal.

The Committee further examined Mr. Milner on the handling of grain. He was thanked and permitted to retire.

The officials of the Canadian Pacific Railway Company were recalled.

Messrs. Sinclair, Emerson, Samwell and Thomson addressed the Committee.

Agreed,—That the Committee complete its examination of Mr. Emerson at this meeting.

The questioning of Mr. Emerson was concluded. He was thanked for the submission and other assistance he had tendered to the Committee and he was permitted to retire.

At 6.10 p.m. the Committee adjourned until 11.30 a.m., Thursday, July 19, 1956.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

WEDNESDAY, July 18, 1956,
11.30 a.m.

The CHAIRMAN: Order. Yesterday—

Mr. THATCHER: Before you call the witness, may I say that I was at a meeting of the Banking and Commerce Committee last night and that I have one simple question I would like to ask Mr. Emerson. Would it be permissible to ask that question now?

The CHAIRMAN: If it is one simple question we will allow it.

Mr. THATCHER: On page 8 of Mr. Emerson's evidence he indicated that the terminals do not work on Sundays and that most of them do not work on Saturdays. I am wondering if he is suggesting in any way that if extra employees were taken on they might possibly move grain out more rapidly—or does he think that on the five day week they could move out all the grain that could be sold?

Mr. R. A. EMERSON: As to the question whether or not they could move all the grain that could be sold I am not prepared to answer—I do not know. As to the question of unloading, however, certainly from a transportation viewpoint it would be highly desirable because the railways work seven days a week—we haul grain to these terminals seven days a week—and naturally anything which comes in on a Friday is not unloaded on Friday but is automatically held over until Monday at least before being unloaded. That means a loss of two car days which, of course, cuts down the ability to move traffic.

Mr. THATCHER: You cannot say they could get rid of more grain by doing that—you cannot say for sure?

Mr. EMERSON: That comes to the question of moving grain out of the terminal elevators and not into them; I have no control over that and no specific knowledge.

The CHAIRMAN: Before we go on to the next stage of this discussion, I would point out that we have with us in the room the transport controller and he would appreciate the opportunity of making a statement to the committee; and possibly this would be the right time for him to do that. Is it agreed that we hear Mr. Milner now?

Agreed.

Mr. R. W. Milner, Transport Controller and a Commissioner, Board of Grain Commissioners, called:

The WITNESS: Mr. Chairman and gentlemen of the committee I regret that it has been necessary to appear again before this committee. I wish to make it perfectly clear that I have no ill will toward anyone in the C.P.R. but it is my duty to justify and substantiate the remarks I made before this committee that I have been badly let down by the C.P.R. over the six week period. In the course of my duties as transport controller there have been many differences of opinion between myself and the railway and until this year they had been discussed frankly and resolved amicably. Throughout this crop year, however, I have not been able to understand the attitude of the C.P.R. and it appeared to

me that there had been introduced something which undermined the frankness and straightforwardness which had characterized dealings with that company since 1951. I said that the railway had let me down badly during March and April. On March 2 I wrote to Mr. Crump after I had had a discussion with Mr. Thompson. My letter read as follows:

Your box car count out here at less than 19,000 is getting too low.

There is a very large movement for the opening, both from the Lakehead and out of the St. Lawrence river. The west coast business should keep up to present rate until the end of May at least.

You will note from the daily statement from my office that your box car loadings as at February 27 were only 2794 more than the Canadian National but last year, by the same date, you had loaded 10,687 more than the National. This will result in but one thing, Buck; the Canadian National will clean up their points out here 'way ahead of your line because you have more grain to haul.

Would like to see your boxes out here not less than twenty-four thousand by April 7 at the latest and that number will be necessary to do the job required. May I be advised, please, what plans you are making in this regard.

I had a reply back on March 6 from Mr. Crump:

Your letter of the 2nd.

Immediately on my return to the office Dave Thomson told me of your 'phone call to him in connection with the heavy movement out of the Lakehead at the opening of navigation and through May and June.

Admittedly the number of Canadian Pacific boxes in the west has not yet reached the proportions of past years. On the other hand, this morning our total boxes in the west number 21,489 as compared to 21,317 at this time last year which, of course, includes foreign cars which we have been hauling empty from the east. We recognize that this is an expensive proposition, but those which are not fit for grain do release cars which are fit and we are taking every advantage of this.

We are not losing sight of the important fact that increasing utilization will naturally help the situation and this latter feature is being impressed on our officers with encouraging results. Instructions have also been issued to the officers on our eastern region to leave no stone unturned to get empties to the west, both C.P. and foreign. Furthermore, we have 3,000 box cars on order—delivery of which, we are promised, will start in April and continue through the balance of the year.

Please be assured that every effort is being exerted to meet the situation as it develops.

I trust you had an enjoyable holiday in the south and that the warm sun has done you a lot of good.

That was pretty well advertised too, if I remember.

From my experience with the railways I had every reason to suppose that my request would be met. However, there was no improvement in the situation and on April 5 I wrote again as follows:

On March 2 I wrote you pointing out that your box car count under 19,000 was too low and asked you to try and get your boxes up to 24,000 by April 7.

There is no improvement at all as at this date, April 5.

At this time last year C.P.R. had loaded 13,350 more cars of grain than the C.N.R. This year you have loaded only 3,919 more than the

C.N.R. I regret to say that we have had better cooperation from the Canadian National in the matter of meeting my requests for cars for essential grain movement right through this crop year. I should like to add it is not the fault of your western division; they simply have not had enough cars to do the job properly. Every commissioner on the Wheat Board has repeatedly pointed out that C.P.R. points have had much worse service than C.N.R. points, grain companies are also talking the same way and you will see from the figures I quoted above that, compared to last year, you are down in comparison with the C.N.R. by about 10,000 cars. We would have had a very bad shortage of grain at Vancouver this year had I not asked C.N.R. to increase their loadings because you couldn't handle yours.

There is a very large movement for the opening and we have boats loading today and about 20 due on Monday.

Am very much disappointed in the fact that nothing has been done towards meeting my request of March 2.

I wrote him the next day and I said:

Have been checking over the country situation. As you know the Wheat Board allows deliveries at so many bushels per certified acreage at a point based on the room at the point. This is their quota system of delivery and if cars are supplied the point so that space is created, the Wheat Board increases the quota at the point which each farmer may deliver.

You will remember I said there was a great deal more dissatisfaction on your line than on the C.N.R. and the reason is as follows:

The lowest quota is the one bushel quota and there are two hundred and twenty points in western Canada still where farmers can only deliver one bushel per specified acreage—of this two hundred and twenty, there are one hundred and ninety-two on your line.

There are fifty more C.P.R. points than C.N.R. on the two bushel quota.

There are thirty-five less C.P.R. than C.N.R. three-bushel quota points.

There are eighty-eight less C.P.R. than C.N.R. four-bushel quota points.

There are thirty-seven less C.P.R. than C.N.R. five-bushel quota points.

I received a reply by wire from him and he said:

Your letter fifth re grain loadings received and noted. Indicative of situation is fact that during March we had average 1,677 cars grain under load at lakehead with average unloadings only 108 daily hence each car delayed average 15.5 days waiting unloading. This morning report shows 2,638 cars on hand at lakehead 268 unloaded yesterday or ten days supply. As I see it our difficulty is restricted utilization existing equipment rather than shortage of cars. I know you will agree that if increased share of loadings is to come from Canadian Pacific points same share of unloadings at terminals is essential.

Now, I might pause here to say that that is the first time that that had ever been introduced in any correspondence I ever had with the railways. I realize it is a matter of utmost importance to the railways to have their cars and their equipment returned promptly. I know that during my term of office in the five years that I have been there, the railways have had a better turn around of their cars at lakehead than in previous years and that was

due to the fact that I was working with the Terminals Association and doing everything in my power to see that unloads were speeded up so that the cars could be returned promptly.

I had to reply to him when he referred to these cars which were under load in the month of March and which has been referred to in evidence here and I said:

You know as well as I do that cars in March were on track at the lakehead with the full knowledge and approval of your operating staff. You will find unloads increase sharply at terminals as space is created by shipments. You will I hope deal with the other points raised in my letter which your wire does not mention. Note again please up to April fifth this year you loaded from country points forty-one thirty-seven more cars than National and last year same date fifteen thousand one hundred sixty-three. Put another way you have loaded only a fraction better than fifty-one per cent and you know you should load sixty.

Crump replied:

Your letter sixth re grain loadings. To the extent that disparity of quota points is not related to matter of grades of grain not wanted at terminals concern of Wheat Board appreciated and shared by me but cannot understand why arrangements were not made for increased unloadings C.P. cars which would have alleviated this situation. Fact is that had we loaded ten thousand more cars in recent months as your message tenth suggests they would still be under load. Certainly cars on hand at both lakehead and Vancouver have been there with knowledge of our operating officers but neither they nor I can approve the sheer wastage of transportation service inherent in this condition recognizing that car days lost cannot be recovered. In making comparisons with last year trust you have not overlooked fact that February 1955 loadings on C.N. were extremely low. Over past six years we have averaged only 53.6-0/0 total grain loadings prairie points and in no year has this exceeded 55.8-0/0 therefore cannot subscribe to 60-0/0 figure you mention your figures on box cars do not include foreign cars.

I replied to Mr. Crump as follows:

I have your wire in reference to my letter of the 6th and I do not believe any useful purpose will be served by a continuance of reviewing the past. I have told you quite frankly that your company has not hauled the percentage of this year's crop which you should have, with the result that C.P.R. points have been and continue to be more poorly served than Canadian National. Had you loaded the ten thousand (10,000) more cars—which you know you could not have done—the National would have hauled a lesser number and they would not have been under load as you state.

If you have always thought that you should not have had cars on track in the numbers you had, namely an average of 1,677 during March, the time to have said so was when the Wheat Board, the railways and I met to discuss grain movement at which time it was agreed that you and the National should have eight thousand cars under load to the lakehead at the opening of navigation.

Now, I would like to pause there and point out to you that that is a traditional method that has been in effect ever since I have been in the grain business and it is 47 years.

There are a great many sales of grain made usually sold for opening five days or ten days and so on and it is necessary that those cars

be on hand at the lakehead before the opening of navigation so that those sales can be completed. It is nothing unusual and it has always occurred in the grain business.

What past years' percentages of grain loadings have to do with this year is quite beside the point. It is the situation we have today which has to be met. Your loadings to date this crop year have not been sufficient to meet requirements and as there are only three and a half months left in this crop year, you will need to move sixty per cent of the cars to service your points and supply grain required in forward position.

The amazing thing to me about this whole box car controversy with your road is that every operating man in the country knows you have been short cars in the west since last fall and yet everything emanating from Montreal is full of excuses, complaints of equipment being tied up, and so on and so on but no more box cars.

Look back on your record and ask Rollie Taylor, or someone who has for years been looking after cars, and he will tell you that you have had less box cars in the west this past year than for any year since 1950 and as your car loadings are up generally, certainly your cars for grain loading are down. I thought I explained to you the last time I was in your office why loadings on C.N. in February and March were down last year.

I am now going to warn you, Buck, that if there is no seamen's strike on the lakes, your cars under load are going to show up your box car shortage, and that before very long.

Now, I attached to that a statement showing the amount of grain in farmer's hands still to market which showed 345 million odd on the Canadian Pacific as against 235 million odd on the Canadian National which works out, as you know, at 60 per cent.

I wrote him again the next day and I said:

So that you will know what your transportation problem is and because you say you cannot subscribe to the sixty per cent idea, I am attaching a statement showing the amount of grain in store country elevators and the amount of grain in farmer's hands to market as at March 15th, divided as between C.P.R., National and the N.A.R., for your information.

Inasmuch as we are discussing percentages it is not necessary to consider the N.A.R. figures as it is generally agreed that your road and the National supply cars equally. However, you have not done so to date and the National has taken up the slack.

There was a difference at that time of about 1,000 cars:

You will note from the attached statement that if C.P.R. and National points are to be serviced so that farmers on your line will have the same chance to deliver as farmers on the National, you will require to move grain in the percentage shown.

I had a letter back from him on April 16th and this was the last letter and closed the file as far as I am concerned and I only got to the second paragraph on that and I know we were going to get some action. He says:

Referring to your letter of April 11th concerning grain movement.

There is at least one aspect of the matter on which we seem to be in agreement, namely, that no useful purpose will be served by continuing the controversy. The essential problem is to get on with the job at hand.

It goes on with some other things which are not germane.

That was the situation that existed during the period when I said that I was let down. The box car count on the Canadian Pacific Railway in the months of this year, January through and this includes foreign boxes were, in January 22,953, February 1, 22,588, March 1, 21,494, April 1, 21,862, May 1, after this last letter I got from Mr. Crump the box car count was 25,908, and on June 1, 26,804. So that after the repeated efforts which I made, box cars were received.

Now, that is my answer to the fact I was let down in my opinion by the Canadian Pacific Railway during that period. I did everything that I knew how to, to point out the situation to the railway. I told them what I thought they should have ther and Mr. Emerson said in his evidence yesterday that he did not agree with me and the box cars were not supplied during that period. But the disturbing thing to me was the period which elapsed between the 2nd of March and the 5th of April because we had every reason to suppose from Mr. Crump's letter of the 6th which I read to you, that box cars would come along as they always had done in the past but they did not come and so I was let down. I have given you the correspondence, I have given you the box car count and you can use your own judgment as to whether I was let down or not.

There is one matter that disturbed me and I would like to deal with this subject of unloading at terminals as a suggested factor to control shipments. Why Mr. Emerson had any doubts about getting unloads in proportion to their shipments I do not understand. I will quote the C.P.R.'s own figures. In 1955-56 between August 1 and June 25, the C.P.R. loaded 52.4 per cent of country loadings. In the same period they unloaded at Vancouver and the lakehead, 52.8 per cent of the total unloads. In the previous year, in 1954-55 between August 1 and June 25, the C.P.R. loaded 55.4 per cent of the country loadings and in the same period they unloaded at Vancouver and the lakehead 56.2 per cent of the unloads.

Now, I will put it very simply to you. If the railway has 2,000 cars under load at the commencement of any crop year and they get 52 per cent, 53 per cent or 55 per cent of the shipments, and they have 2,000 cars under load at the end of the year, certainly they must have had unloads in the percentage which they shipped. I cannot understand why they had any doubt about why if they loaded 55 per cent of the loadings in this country they would not have these cars unloaded. The experience was all in favour of them supposing that they would have had the unloads in proportion to their shipments.

Now, I will just conclude by saying that I think it is my duty to warn this committee that if the Wheat Board puts out orders in the country freely to both railways and if the Canadian National uses more cars to service its point than the Canadian Pacific, and if the policy of the Canadian Pacific Railway in the matter of car supply is to allocate country loadings to a control led terminal unload figure, then Canadian Pacific points are bound to be more poorly serviced than the Canadian National points.

I do not think any guarantee can be given to anybody that they will get their cars unloaded in the same proportion that they ship. I do not know how it could be done, but I would suggest that with my experience over the years it would indicate that they should have no qualms about it at all. In other words, go ahead and load the cars and they will be unloaded in the percentage in which they load.

Put another way it means that if the Wheat Board were to agree to these terms of the Canadian Pacific Railway, the Wheat Board would be obliged to furnish orders to points on the two railways in proportion to the amount of grain to be carried by the two railways.

Gentlemen, I have nothing further to add. I have no quarrel with the Canadian Pacific Railway. The Canadian Pacific Railway has cooperated with me with the exception of that period which I mentioned, remarkably well; and as I have pointed out before the committee here I think it is only fair to say that any company which has cooperated with me to the extent of 98 per cent cannot be said to have treated me unfairly over the piece. As I said before, I have no quarrel with any official of the railway.

I have had the best of service from their superintendent and from their car service personnel, and I have had cooperation in everything which I asked them to do. This is the only exception where I felt that I was not being treated frankly, and where I could not understand why cars were not supplied as I had asked them to be supplied.

My experience with the railway—and I think they will bear me out in this—at least I hope they will—is that I have never asked them to load cars unless I knew what I was doing. There are certain matters in connection with the loading of cars—for example, I have information which perhaps they have not; I know what the shipments are going to be and what arrival of vessels there is going to be, which they could not possibly know; and I have no objection to making information available to them. I do furnish the railways with my daily statement which is familiar to this committee and which I filed with you on one occasion; and in that statement there is contained information which I have, plus some other confidential information which I sometimes receive from the Canadian Wheat Board in respect to sales.

I have nothing further to say except that I think it would be unfortunate if this thing became a squabble between the railway and the transport controller.

I am prepared to meet the railway officials. I would like to meet with them, I intended to arrange for a meeting this morning but I was so busy at my office that I could not get away. I can resolve my difficulty with the railways, I think, satisfactorily. At least I have always been able to do so in the past. My statement only deals with the one thing with which I was challenged, when I said that I was let down by the railway.

By Mr. Johnson (Kindersley):

Q. I think that the help which the witness, Mr. Milner, has given this morning has certainly substantiated the charge which he levelled that he was badly let down by the Canadian Pacific Railway in this very critical period. The evidence we had yesterday also proves another of the charges that he levelled, that there is far too much theorizing and pencil pushing at the head office of the department.—A. I would like to correct that impression, Mr. Chairman. I think it was an unfortunate expression which I used and I hasten to correct that impression. Let me put it this way: that it would have been better had I said “quit sending me statistics and theories which have never before been brought around, and let us get on with the moving of grain!”

I think it was unfortunate that I used the expression “pencil pushers and theorists”, but I meant no reflection on any officer of the Canadian Pacific Railway, and it was not intended in any way to reflect on any officers of the company.

Mr. TUCKER: Mr. Chairman, are we going to have questions directed to the witness or are we going to have speeches?

The CHAIRMAN: I was going to make the suggestion that the witness has been recalled for the purpose of making a statement. If there is any question I shall allow that question to be directed to the witness, but let us not go on to theorizing about what has been said.

Mr. JOHNSON (*Kindersley*): Mr. Chairman, I am coming to my question, but I assume that we have the same privilege in this committee which members

of the banking and commerce committee seem to have at the present time, and following that same parliamentary procedure I understand that I am entitled to exercise the parliamentary privilege of prefacing my remarks and laying the basis for my question with a few remarks which would lead up to my question.

The most disturbing feature that I saw in the evidence which the Canadian Pacific gave yesterday was their flaunting of the duties and responsibilities of parliament. Here we have one of the largest, if not the largest corporation in the world flaunting suggestions given by the elected representatives of the parliament of Canada or the appointed representatives of the parliament of Canada, and I think that it is a very disturbing tendency.

I wish that the Canadian Pacific officials who are here would very carefully think over the attitude which they have had towards our responsibilities as parliamentarians, and towards the responsibilities that are vested in the appointed officials, the transport controller, in the Federal department of Transport. It is apparent from the evidence which has been given that the Canadian Pacific Railway is only interested in the profits of their company!

The CHAIRMAN: Order, order. If I might interject at this point, the committee agreed yesterday that all members of the committee would restrain themselves at the moment to asking direct questions of the witness. So there is no point at this stage of trying to draw any conclusions from the various witnesses because they are not through; they have only dealt with one phase, and we are going on to the next phase. And as I have said, we agreed yesterday to wait until after the direct questioning was completed before drawing any conclusions.

Now you referred a moment ago to the parliamentary privilege of any members of the committee, and that is true. Every member has the privilege of expressing his views in the committee at any time; but the immediate procedure of the committee is at all times in the hands of the committee members at the time, and if it is entirely in the hands of the committee as to what method of procedure should be followed, my impression is that yesterday we agreed to have direct questioning first, and then go on with the other part.

Mr. TUCKER: Mr. Chairman, I have a question to ask if Mr. Johnson has no question.

Mr. JOHNSON (*Kindersley*): My question is as relevant as any question that the member for Rosthern has ever asked!

The CHAIRMAN: Order, order!

Mr. JOHNSON (*Kindersley*): The problem which was brought up yesterday is that the Canadian Pacific has blamed the whole delay in the movement of grain on their turn-about period which they put on the Saskatchewan Wheat Pool, while it is apparent that in the whole difficulty and problem of the movement of wheat that the Saskatchewan Wheat Pool suffers from the same problem as the Department of Transport, the Department of Trade and Commerce, and the farmers themselves. The fact is that the Canadian Pacific has put the responsibility for it on the farmers' own organization, the Saskatchewan Wheat Pool.

The CHAIRMAN: I am sorry, Mr. Johnson! Order, order! I am sorry to interrupt you, but you are obviously not asking a question of Mr. Milner. We have a witness at the table now, the transport controller. Will you kindly direct your questions to the transport controller?

Mr. JOHNSON (*Kindersley*): Mr. Chairman, your urgency impresses me!

By Mr. Johnson (Kindersley):

Q. My question to the transport controller is this: do you find it necessary in view of your experience—getting away from the procedure which may have

evidently been a successful policy in the past and working with the railways, there is a suggestion and I now put it to you: will you find it necessary to issue formal directives which cannot be ignored by the Canadian Pacific Railway?—A. I doubt if that subject is before the committee. But I have no doubt, speaking from my past experience, that we will be able to work out a solution to the transport problem between now and the close of navigation which will be the end of my term, and that we will get along with the business of doing it. I have no doubt at all on that subject.

If there are any doubts about it in my mind I will advise the proper authorities, but I know that they have no trouble at the moment and I do not think there will be any. I have known "Dave" Thomson for 30 years or more, and I know "Roly" Taylor and all the rest of them, and I do not foresee any difficulty at the moment in establishing a different arrangement with the railways whereby I can get cooperation much better than I have had it in the recent past. But if I cannot, I shall advise the proper officials.

Q. Do you feel, if there is a repetition of this situation that you will not have to use your powers?—A. I do not use the powers given me under the act in any case because they are not operative in spite of the fact that they are there. If I were to say to the railway tomorrow, "you must put more box cars in grain", as I told you in this committee before, if I were the railway I would say, "that is fine, Mr. Transport Controller, but what commodity do I not haul"; I would have to answer every complaint which they have from every other commodity and I would have the cement people, lumber people, and so on, calling on me for the directive I had issued. All I can do and what I have done with the railways is to talk to the railways about the problem and I have had marvellous cooperation from both railways with the exception of this period to which I referred. I do not think that it will recur and I think that for the end of my period, that I will have the same cooperation from the railways which I have had.

Q. You are saying then that the federal legislation is no good because it is inoperative?—A. I say that I will not use the powers granted me in that because it will not serve the purpose.

Q. That is the same thing as saying that they are no good.

The CHAIRMAN: That is Mr. Johnson's conclusion.

By Mr. McCullough (Moose Mountain):

Q. Mr. Chairman, on page 4 of the brief of Mr. Emerson he states: "At all times, Canadian Pacific has had a substantial number of cars at the terminal waiting unloading." My question to Mr. Milner is, does he subscribe to that statement as being correct from his point of view?—A. I do.

Q. Would you say, Mr. Milner, that in the experience which you had during the critical period under discussion that the C.P.R. had invoked a new method of car utilization which perhaps was responsible for the lack of cooperation which you indicated?—A. I think I can answer that question best in this way, that I am no expert on railroad operation. I have never professed to be. But it would seem to me, as a business man which I have been all my life, that one of the essentials of transportation would be to see that the equipment is turned around as quickly as possible. It is wastage of transportation to have the equipment tied up and to use box cars for storage.

As you will remember, I said the other day to the committee or to the Canadian Wheat Board, when we were discussing the question, that I would not ask the railways to have, under load, more than 8,000 or 9,000 cars at the lakehead, which we had at the time we were discussing the problem, and I said that I thought to have more cars under load at the time would be a sheer wastage of transportation and that I would not ask them to do so.

Q. What period are you speaking about now?—A. A different period, but the principle is the same. I would not ask the railways, and I never to my knowledge have, asked the railways to have cars under load in excess of the amount of probably three days' time of the terminal's capacity to unload the cars. I think that is a good amount. I can be corrected, and perhaps the railway will have a different figure in mind; but I am considering the question of switching into the terminals when I say they should have that amount of cars. Let us say you had half that amount; in my opinion you would have, at this terminal, probably only fifteen or sixteen cars on track at the terminal, that is all that would be switched into them and they would be working at half capacity. As I have said, it would seem to me that the most efficient way of putting cars into the terminals so that they would work at capacity would be to have three times the daily unloading capacity. If the terminals were working at capacity, it would be well to have thirty-three or thirty-five hundred cars. If you got it past that number I would say that that would be getting too many and would perhaps be a waste of transportation.

Q. The crux of the accusations which have been thrown back and forth seems to be the question, whether on your part, in trying to move the grain from the various stations in the prairies, there were sufficient cars to load that grain. The railway people, and Mr. Emerson here, tell us, and apparently you subscribe to the statement in his brief, that there were sufficient Canadian Pacific Railway cars at the terminals awaiting unloading during that period.—A. That is correct.

Q. Last evening I asked Mr. Emerson if they had more cars on line for loading, say, 10,000 cars, if that would have substantially increased the movement of grain from the elevators to different marketing positions. I think that his reply was substantially this, that it would only mean there would have been that many more cars.

The thing which confuses me is, if there were enough Canadian Pacific Railway cars awaiting unloading at terminal points, how then could the C.P.R. let you down as controller during the critical periods, or any other period, because apparently you agree and subscribe to this statement that there were enough cars.—A. That is at the terminal points?

Q. Yes.—A. There are other places to unload cars; there are mills and interior elevators. If they had loaded the cars and had the cars around which I asked them to have, I could have kept those cars busy and they would not have had any delay. We would have had a place to put the cars. The unloading at the terminals was not right up to capacity and we could have taken off more cars at the terminals than were taken off. There is also the question of mill supply and interior terminals. We could have had perhaps a few more cars under load and the time of unloading would not have materially increased—probably just half a day.

Q. I think it is fair to say, then, that had their loadings been increased to the point designated by the Canadian Wheat Board orders, then there would have been more grain moved by the C.P.R. from country points? That is correct?—A. I think so.

Q. I think that we should be sure of this because we are making some pretty strong assertions.—A. I would say, "yes", definitely then.

Q. I want to be fair about this because I want to get to the crux of the situation. Do you feel that if there had not been a policy evolved this summer for the greater utilization of the rolling stock of boxcars that that was substantially because there was a fear that perhaps at these points they would not get a normal unloading and turn-around to satisfy that policy?—A. My record, with respect to my operations as transport controller, will have indicated to the railway that I was not asking them to put the boxcars in and hold them

up; that has not been my record as transport controller. I have assisted the railways in getting their cars turned around by every method I could think of and I would think that they would agree that perhaps their turn-around time has been better than it was before I entered the picture. I would not ask them to send more cars out west if I did not know what I was going to do with them. I would not ask them to send them out and get to a position of where they were going to be delayed an abnormal length of time.

Now, you asked me a minute ago whether there were sufficient cars at the lakehead for the unloads of the terminal. My answer to that was "Yes". I think we could have speeded up the unloads some more if it had been necessary at the terminals.

Q. In other words, if you had more boxcars coming in— —A. We would have speeded the terminal unloads up. There is no question about that.

Q. Mr. Milner, what have you to say to the accusation, or to the statements, rather, of the railroad that at certain terminal points the delay was, I think, amount to some 20 days, is that right? I think that 20.6 days was the figure that was given last evening—and I think those were Saskatchewan pool elevator terminals referred to. Now, I think perhaps the C.P.R. is justified in saying that perhaps there were those points. If you had the authority to channel this grain, or these cars into other terminals where you would have had a reasonable turn-around, why was that not done? Then, perhaps, the railways would have seen fit to have more loadings? Because, it does seem that through your direction that there was a build-up of cars waiting unload, which did not warrant the C.P.R. to make further loadings, or a utilization of more cars. I think you have got to settle this once and for all, and to indicate to the committee by more than just saying you could have had some other points to unload. They have made the accusation that the Saskatchewan wheat pool—and they single them out as being guilty, or the people who were at the pool, for much of this congestion—I think we should have that straightened out. Was the Saskatchewan wheat pool responsible or could you as transport controller have allocated those cars to some other terminals and probably rectified this congestion, and could you have guaranteed to the C.P.R. that they would not have this delay in unload? I think it is a reasonable question?—A. Not during that period I could not have guaranteed it. I think the C.P.R. knows that I have exerted every influence I had, when any terminal had what I considered too many cars on track, to make arrangements with other terminals to take them off. For the Saskatchewan wheat pool in particular—I have, I suppose, 50 times gone to the Manitoba wheat pool and said, "The Saskatchewan Wheat Pool is in trouble, and have too much stuff on track. I want you to take some off for them." With the railways I arranged for the Manitoba wheat pool to take the cars off for the C.P.R.

I think it is unfortunate that the period that was mentioned was the period in March when, as I pointed out in my talk a minute ago, it was agreed by the railways in spite of the fact they say now that it was a wastage of tonnage—I agree with that—it was a wastage of boxcars. But it was a thing that has always happened. They agreed that they would have, with the National, 8,000 cars under load and these cars were part of that 8,000 cars that were to be under load at that time. So they did not concern me.

Q. You are speaking now, Mr. Milner, of those at the pool terminal. —A. Certainly I am, at any terminal. They were part of the lot of cars that were agreed, by both railways, that would be under load before the opening of navigation. As I pointed out to you, this is something that happens every year, and has happened every year since I have been in the business—for 47 years. It is a customary thing to have a good supply of cars on hand at the lakehead before the opening of navigation, which was no departure from what had happened the previous years.

Q. I think perhaps, if you have nothing to add to my last question, the situation then this year in the critical period was nothing unusual or out of the ordinary at all; it is just simply, in your opinion, that the C.P.R. did not, during that period, allocate sufficient cars for the movement of grain to terminals?—A. That is correct.

The CHAIRMAN: Mr. Smith.

By Mr. Smith (Battle River-Camrose):

Q. I would like to ask Mr. Milner a few questions. I must preface these questions with a few remarks. Last evening, I believe we were given some figures which pointed out that during the month of April the average number of days a car was held at lake head was 4·6; in May, 3·1; and in June 3·2. I believe those figures were put on the record last night. Now, having heard from Mr. Milner, this morning, that he started corresponding with the Canadian Pacific Railway in a serious fashion in the first part of the month of March, and I feel, anticipating more grain movement during the months of April, May and June. Now, from the figures Mr. Milner has given us this morning, I find out that the Canadian Pacific Railway, during the month of April, did not step up the number of cars which they had available for the movement of western grain, to any extent. However, by the end of June, or by the month of June, they did step up the number of cars available for grain movement in the west by about 5,000 cars. Now, I am going to ask Mr. Milner this question: had the C.P.R. co-operated with you in the manner that you suggested starting at the first of April, how many more bushels of wheat—in a rough figure, which it will have to be—would have been moved from points along the C.P.R. line during the months of April, May and June? With approximately 5,000 cars more, how many bushels of grain would you have been able to move out of the west from the C.P.R. lines?—A. That is a difficult question to answer. I did not expect that I would get 5,000 cars the day I asked for them.

Q. No, but you— —A. I did say in the letter that I would like to see the box car count, by April 7th—

Q. Right.—A. —up to 24,000. I imagined that the cars would come along from the count of 21 up to 24 in a gradual way, and a few more each week until we got it to 24,000 by the 7th of April, which was, as I expected, the opening of navigation—navigation opened on the 6th.

Q. That would be 3,000 more cars available by April 7th?—A. Yes.

Q. And three months—assuming that it takes two weeks to load a car and get it down to the lakehead and turned around, because the turn-around period at that time had been speeded up, it seems to me that the people on the Canadian Pacific lines were badly treated by the C.P.R. railway by their failure to cooperate with the request of the transport controller. I do not see how anyone can deny that. I certainly think, Mr. Milner, that your statement before the committee a week ago last Friday, I believe it was, was a legitimate one. I feel that the people on the C.P.R. points in western Canada have a just complaint and grievance and that grievance has to be placed on the doorstep of the Canadian Pacific Railway.

The CHAIRMAN: I was going to raise the point again that we were getting away from questiong, Mr. Thatcher, please.

By Mr. Thatcher:

Q. Mr. Chairman, I would like to ask Mr. Milner the same question I asked Mr. Emerson a little earlier in the morning. It has been suggested to the committee that one of the main bottlenecks in moving this grain are the terminal facilities. Now, it was also indicated yesterday that the terminal

facilities at the moment are not working weekends, Saturdays and Sundays, and in most cases on holidays. I think Mr. Emerson stated that if they were working on holidays at the moment, by extra staff, that more box cars could be unloaded. What I would like to know is: if that were done, would the over-all grain movement be improved, or at the moment are they moving in a five-day a week all the grain that can be sold?—A. Well, I think there is a labour problem involved there. I do not know whether you would be successful in getting people to work on Sundays.

Q. The railroads apparently work a seven day week?—A. that is right.

Q. I am wondering if they had additional staff. If they have extra staff on and can work a seven day week could you sell the wheat?—A. I have nothing to do with the sale of wheat.

Could the grain be sold in your opinion?—A. I will not express an opinion on that at all, sir.

Q. In other words, is there any scarcity of wheat?—A. There is no scarcity of wheat to meet commitments. We have enough in the east to meet commitments there and with very, very few exceptions there are no delays of vessels loading anywhere in the country.

Q. Then, having extra facilities at the terminal would not mean that grain would move more efficiently?—No, I am entirely sympathetic with the railway's point of view about this turn around of box cars. It is not hard for any of you to realize that a box car sitting on a siding is no good from a transportation point of view. That is basic in transportation and as I have said before, I have done everything I could as transport controller to see that they got a quick turn-around of their cars and I think that I have been successful in that. I think it is generally recognized that I have and it was by very close work with the terminals, and much closer contact with the terminals than the railways themselves could exercise.

Q. But you would not say, Mr. Milner, if the terminals found it possible to utilize their facilities seven days a week that that would mean a greater addition of grain overseas?—A. I have no reason to suppose it would because I started out with the premise that there has been sufficient grain moved to meet all export commitments.

By Mr. Tucker:

Q. You referred, Mr. Milner, to an agreement between yourself and the railroad which I understood was that they would have 8,000 cars under load at the terminals at the opening of navigation. Is that correct?—A. Not at the terminals—under load. That would be on track at the terminals and in transit.

Q. I see. When was that agreement made?—A. Well, it was made in, I believe, December, about the 21st of December—somewhere in about there when we had a meeting with both the railways and the Canadian Wheat Board and we discussed what the arrangement would be for the shipment between then and the opening of navigation and it was agreed then by the railways and the Wheat Board and myself that that was what we would aim for, to get 8,000 cars on track and in transit at the opening of navigation.

Q. At that time was it agreed that the C.P.R. should have a greater proportion of that 8,000?—A. No, it was not mentioned.

Q. Actually how many were under load at the opening of navigation?—A. Without looking this up I cannot tell you. I have not the figures with me but by and large it was done as they agreed to do. The agreement was carried out.

Q. I understood you to say the C.P.R. did not carry it out?—A. No, I did not say that.

Q. I understood you to say that and I was wanting to find out about that.—A. No, I think both railways did about what they were requested to do. They came close enough that it did not cause me any worry in any case.

Q. That would be about the 6th of April?—A. That is right.

Q. I just do not follow you, Mr. Milner, because you were writing to the Canadian Pacific Railway, according to what you told us this morning, that their box car count was too low on March 2nd and then you said April 5 you wrote again and you wanted them to get their box cars up to 24,000. Now, if you were satisfied that they had the right number under load on the 5th why did you write them and ask that they should get their box cars up and that there actually had been no improvement as asked for?—A. Simply because I knew that navigation was opening on the 6th of April and that we had very heavy movement out of the lakehead beginning, and it was desirous to fill the space in the terminals.

Q. But navigation had opened on the 6th of April?—A. But you said about the 5th of April.

Q. Well, that is, the day before.—A. Yes.

Q. I am not clear. Did the Canadian Pacific Railway on the 5th of April have the number of box cars under load that they had agreed on or not?—A. Under load to the lakehead, yes.

Q. They had under load?—A. Yes.

Q. Well, your complaint was that they had not allocated the proper number of box cars to the shipment of grain, is that it?—A. No, it was not at all. What I said was that I needed more box cars in the west. The count was down to around 21,000, and I said it should be up to around 24,000 because those box cars had to be put out through the country and distributed in order to load.

Q. So that your complaint was not that they did not have the box cars under load but it was that they had not the box cars in the west at that time?—A. That is right.

Q. I wanted to be sure about that. Then you said the first time that you ever heard this idea mentioned that they should unload the Canadian Pacific cars faster than the Canadian National if they expected to handle more grain for C.P.R. points, as I understand the C.P.R.'s contention, you said the first time that was introduced in the dealings with the railroad was actually, as I jotted it down, sometime around the 7th of April?—A. The 10th of April.

Q. That is the first time that they suggested that if you would make faster use of their box cars you could get more grain out of their points?—A. Yes.

Q. That is the first time they brought this up?—A. Yes.

Q. What is there in that suggestion? They say that if you were to arrange to unload their cars—they gave the figures—for example in the month of May they gave their figures, the time that the box cars were delayed in being unloaded at the lakehead as 3.1 working days. That is outside of Sundays and Saturdays. From your experience do you think that it would have been possible for them to unload the C.P.R. cars faster than the cars of the C.N.R. who had supplied more box cars proportionately than their supply of wheat warranted, would there have been anything wrong or impossible about unloading C.P.R. cars faster than the C.N.R. cars?

Right Hon. Mr. HOWE: What do you think the Canadian National would have done in that case? Just hustled their cars back east.

The WITNESS: Every morning usually by about 8.20 I talk to both the Canadian Pacific and the Canadian National railways in Winnipeg and I get

from them the figures on cars they have on track, the number they got unloaded the previous day, what they loaded overnight in the country and discuss generally with them the situation with respect to their both roads.

Now, let me assure you if the Canadian Pacific had 100 cars more on track than Canadian National and they did not get a break on the unload, didn't get more unloaded than the Canadian National, Chester would say, "What in the world is going on? We had a bad break." The same thing would apply to Horner of the Canadian National. That is something that is talked about every morning, that matter of loading by the railways and it is done on the basis of the percentage of cars there.

By Mr. Tucker:

Q. I see from the figures filed by the Canadian Pacific Railway, statement 100, that you managed to hold cars over that whole period to an average in regard to the Canadian Pacific Railway of 6.2 days and Canadian National 6 days. I take it from that that has always been the understanding that you don't hold the cars of one railroad longer than the cars of another?—A. Not if they have got the cars there, no. They didn't give their experience at the west coast, which is exactly the opposite. The Canadian National cars were held a greater length of time at the west coast than the Canadian Pacific cars.

Q. They are suggesting that if you could do it on the west coast you could have done it at the lakehead. Now, what I am trying to get at, Mr. Milner...—A. Just a minute before you leave it. There is a problem there that is familiar to the railways and that is the matter of switching. The C.P.R. controls a lot of the switching to the west coast and I think it is pretty natural for them to switch their own cars in and I have had complaints from the Canadian National about that and I have had complaints from the Canadian Pacific about the Canadian National switches at the lakehead going into those points. Those are one of the innumerable details of my position. I sort those things out, go back to the Canadian Pacific and say, "You ought to give the Canadian National a break on cars going into the Alberta pool." We talk to Manson about it and get this straightened out. If I find that the Canadian Pacific is not doing as good a job as they could I tell the Canadian National that I think they are being a little hoggish on this thing and it irons itself out.

Q. Well, what I am getting at is that the Canadian Pacific put the whole blame for this situation which prevailed, the fact that there has been less deliveries at C.P. points than Canadian National points, on the fact that somebody could have—they suggest the Saskatchewan pool—that somebody could have undertaken to unload their cars faster than the cars of the Canadian National. For example, there is no doubt about this being the position they take and I think the committee would like to know whether you think that this is either feasible railroading or reasonable for them to expect. Now, just to make sure that they make this very plain, they state:

Frankly, the difficulty with the movement of grain from areas served by Canadian Pacific has not been caused by Canadian Pacific. Instead, it is due solely to the failure of the persons who control the unloading of cars at the terminals.

Notice that "solely to the failure" and then they go on—

They have failed to recognize the relationship between the unloading of cars transported by Canadian Pacific to the loading of cars at Canadian Pacific shipping points.

And they say:

This difficulty has been building up for some time, and in spite of everything Canadian Pacific could do, it was unable to secure recognition of this essential relationship.

Now, I understand from you, that you did recognize it but you did see to it that their cars were unloaded in proportion to the number loaded?—A. With others I did see to it.

Q. Well, it was accomplished.—A. It was accomplished.

By Mr. Tucker:

Q. So that statement, I take it from your evidence, was not correct when it says:

The inevitable result was that Canadian Pacific's grain pipe line in western Canada was throttled by the fact that the spigot at the Lakehead was partially closed.

Was anything done by anybody to close their spigot?—A. No. I think I should say in fairness to the Canadian Pacific that that was apparently their opinion. I did not hear of it until April 10 and it had never been suggested until then, I think, that there should be some factor of unloads tied in with the country loadings. It had always been the reverse; this was, so to speak, putting the cart before the horse. I think that if I were an operator myself in a railway I would strive for that, too, but I do not think it is possible of accomplishment because I do not think you will ever get other railways to agree with it; I think that the railways will go on as they have in the past, that is, cars will be taken off on the basis of whatever cars there are at the terminal point.

Q. If you started to unload Canadian Pacific cars faster, as has been suggested by the C.P.R., as a solution to the problem—they suggest that their cars should be unloaded faster because they figure they can only allot so many cars to the movement of grain, and so that if you want to unload more grain out of the west you should unload their cars faster—do you think that is at all feasible while at the same time carrying on a reasonable relationship with the other transport system? Would it be feasible to give them that preference?—A. It would add another complication to the problem of handling grain, and until it was tried out I would not like to express an opinion.

Q. Would you like to try it out and give orders that C.P.R. cars should be unloaded faster than other cars?—A. I think perhaps the committee can now be a little more sympathetic with the fact that I am not going to be in this job by the end of the year. This is getting to a point where I do not think anybody can handle transportation in this country and resolve all these difficulties. I know when I am "licked" and I am getting out.

Q. Yes. But the Canadian Pacific Railway is a great corporation, and it came before this committee and submitted as a reasoned suggestion that if you wanted to get more cars off C.P. points you should have seen to it that their cars were unloaded faster than C.N. cars. What is your reaction to that?—A. If I were in Mr. Emerson's position I would make the same statement. It does not go down with me. I think the record would indicate that if they had allotted these cars they would have been unloaded. I think the experience in previous years, and in any year that I can think of since I became transport controller—and I was not much interested in the situation prior to that—

Mr. McCULLOUGH: Mr. Chairman, I wonder if we might adjourn? It is 5 minutes after 1 o'clock.

The CHAIRMAN: I was wondering whether, if there were only a few questions left, we might be able to dispense with the witness. I may say I know that Mr. Milner is very anxious to get back to work.

Mr. TUCKER: I have a couple of questions yet.

Mr. ROBINSON (*Bruce*): I have one or two.

The CHAIRMAN: There are two others on the list, Mr. Quelch and Mr. Nicholson.

Mr. McCULLOUGH: And I have another question I would like to ask.

The CHAIRMAN: Well, if that is the case I think we should adjourn now, to meet again at 3 o'clock.

—Luncheon adjournment.

AFTERNOON SESSION

WEDNESDAY, July 18, 1956,
3.00P.M.

The CHAIRMAN: Order. Looking at my list, I think Mr. Quelch has some questions to ask.

Mr. TUCKER: I am not through yet.

The CHAIRMAN: I am sorry. Mr. Tucker had the floor and he had not finished.

Mr. R. W. Milner, Transport Controller, and Commissioner, Board of Grain Commissioners, recalled.

By Mr. Tucker:

Q. Mr. Milner could you explain to the committee who decides what cars are to be unloaded at the terminals at the Lakehead? As I understand it the railroad consigns cars to a certain terminal but they have the right to divert them to another terminal if they can find a terminal which will take the cars. It appears from the figures that the cars were actually consigned to you but were some length of time waiting to be unloaded. How does that come about—who decides what particular cars should be unloaded?—A. Prior to the opening of navigation this year I had a meeting of terminal elevator companies and I told them it was essential that they should work sufficient hours and not pay any attention to overtime in order to give a fast turn round to railway equipment. At the same time I spoke to both the railway companies and suggested to them that as I had received complaints from some terminals that switches were not put in on time, or that the switch that was put in did not have sufficient cars on it, for the terminal to operate to capacity, that they should have a representative of the railways at Fort William whose duty it would be to see that any time a terminal elevator superintendent looked out of his door he would find loaded cars there to be unloaded.

There is nothing complicated about the way in which the cars are put in; it was explained quite properly by Mr. Wood yesterday. Cars are put on the tracks to the various terminals and then the switches are made into these terminals. The railway company puts the switch in,—and the railway company has had some difficulty with some terminals where in congested periods cars are put in which they cannot very well unload. Take flax, for instance, which needs a great deal of time to clean—that car might be passed over, and the railway would then take it out again and put it in their yard.

I sympathize with the railways with regard to this kind of thing and I think it is not desirable; but by and large the cars are put in to the extent that the terminals can unload. I have on my desk every morning a statement showing the number of cars unloaded by each terminal at the lakehead and if, for instance, I should find that one terminal has not unloaded the cars which I think its capacity would indicate I determine why they did not unload a larger quantity. I have kept a very close check to see that terminals unload according to their capacity.

Q. That was not the point I was getting at. Do you have anything to do with seeing to it that they unload cars as between the railway companies on the basis of the number of cars waiting on the track to be unloaded?—A. I do not, other than this, that every morning I talk to the superintendents of both railways and they advise me of the number of cars that we unloaded and if they have had a bad break in the unloading they tell me about it and I try to determine why that was. And you will see, I think, if you examine the records for any particular month or period that the cars have been unloaded about in proportion, though not exactly in proportion, to the number of cars which were on track for the railways at the terminals.

Q. Whom is that decided by? Does each terminal say: now we are going to take so many from the Canadian Pacific; we have taken so many from the C.N.R. already?—A. It is not done that way. The cars are there at the terminals and they are billed to those terminals and the railways put them in to the capacity of the sidings. They may have to make a switch, or they may have to make two switches, and a switch often occurs at night—the railways do that so that cars will be ready to unload when work starts in the morning.

Q. They would be unloaded more or less in the order in which they arrive?—A. In a general way, yes.

Q. It would be very difficult, then, to take in the C.P. faster than the C.N.? In other words you would have to shunt cars off the track if you were going to take cars which were not successive cars? I am trying to find out if what the C.P.R. suggests is feasible. They are suggesting that the C.N.R. has more box cars and that if the same amount of grain is to be hauled out of the prairies those box cars should be unloaded and returned more rapidly than those of the Canadian National. That would mean, in effect, that you would have to switch a C.N.R. box car off the track in order to deal with a C.P. car which arrived afterwards. That is what the suggestion really amounts to, is it not? Is there any other way in which that could be done?—A. It could be done by arrangement in connection with shipments. I think the suggestion made by the C.P.R. is this—that if they are going to load 55 per cent of the grain from country points they want to be assured of 55 per cent of the unloads when they get down to the terminals. That is briefly their case. I do not know. I will put it this way: it would certainly not be a method that has been used down the years; it would be an innovation and I do not think the other railway would agree to it. I would think that if the C.P.R. had 300 or 400 or 500 or 600 more cars unloaded each day than the C.N.R. it would not be long before the C.N.R. said: what is going on? It might force the C.N.R. to say: we are not going to load any more in the country except on this proportion. That might be what the C.P.R. has in mind. But in my own position as transport controller, with regard to equipment in the country, I think I could be justly criticized if I did not use all the equipment available to me in order to get all the wheat out from country points.

Q. You say that if the C.P.R. had their way it would mean there would be less grain shipped out of the west?—A. I do not know that there would have been less grain shipped out. It is a thing that has never been tried. I am not prepared to say that if the Canadian Pacific Railway were successful in having this method tried it might not result in just as much grain going out of the west, and perhaps the percentage of grain going on C.P.R. lines would come out in accordance with percentage there. It is a new idea and it might work but it is something that has never been tried and I am not prepared to say whether I think it would work or not. But I do not know what you would say to the other railway which had its box cars out in the west.

Q. What would you say to the farmers who knew those box cars were available but who had been told that they could not use them because the Canadian Pacific did not approve of the old system?—A. Somebody else would have to talk to the farmers about that. I would not.

Q. It would seem to me that the suggestion made by the C.P.R. is new, it is untried, and you doubt if it could be made to work.—A. I did not say that I doubt it.

Q. But you think it could not be made to work?—A. I said I would have to see how it would work. I do not know how it would work; there are a lot of matters involved here and it is a very complex question.

Q. And you say it was raised for the first time just before the opening of the shipping season?—A. On April 10—that is the first time it came to my notice.

Q. And it is a brand new suggestion which they expected you to accept?—A. That is correct.

Q. That brings up one more point. On page 4 of the brief it states:

There seems no doubt but that the farmers in areas served by Canadian Pacific have not received their fair share of grain shipments in relation to the stocks they had on hand. This is not the fault of Canadian Pacific. It is the fault of the people who control the terminal elevators, such as the Saskatchewan Wheat Pool. They have within their control the number of Canadian Pacific cars they will unload. However, in spite of repeated urgings of Canadian Pacific officers impressing upon them the necessity for increasing the unloading of Canadian Pacific cars, they failed to take the necessary action.

You are familiar with the way in which these matters are handled at the lake ports. Do you think that that is correct—that the people who control the terminal elevators could have remedied this situation as suggested?—A. I think they could have remedied it if they had wished to pay overtime and hire more crew and taken grain into their elevators.

Q. Take the situation in March. I understand that the terminals were filled to working capacity at the lakehead.—A. At the end of March they were.

Q. So that it would not have been the solution to take on more crews—they were full up.—A. I thought you were talking about ordinary times.

Q. Then it would not have been true in March?—A. It would not have been true towards the end of March.

Q. When you come to April would it have been feasible for the wheat pool to have said to the Canadian National: "You have as many cars here as the Canadian Pacific but we are going to unload the C.P.R. cars faster than your cars?" Would that have been feasible for one of these terminal elevator companies to do that?—A. Well, they could have said it and then they would have had to deal with the railways.

Q. Well, is there not something in the law or regulations that indicates that shippers cannot be discriminated against in regard to the way in which their wheat is unloaded?—A. I do not get the force of your question.

Q. If you were to say to one man who shipped on the C.P.R. "Your car is going to be kept perhaps twice as long as if you ship by C.N.R.", is there not something in the law that prevents that discrimination?—A. I am not a lawyer, I do not know.

Q. You suggest it would be all right if they would be willing to take the responsibility?—A. Well, you asked me the question could they say it. I said, yes, they could say it.

Q. I am not saying they could not go through the motions of uttering those words but I am asking could they properly take that action?—A. I do not think there immediately would be a complaint from the railway whose

cars were being held up that they were not getting very good service and I think they would react this way, that they would very likely say: "If you are not going to unload those cars we are not going to ship them from the country points" and then the idea of the C.P.R. would have been accomplished.

Q. Then, where would you come into the picture if you were not using all the available rolling stock, if you were not using all the rolling stock to haul wheat?—A. I think I said before that I could see this situation developing. I do not know of any person who has any power to control it. I have told you and this committee on various occasions that I have very wide powers under the act. They are wide powers that are stated in the act, but they are powers which while they are there that any reasonable man would not attempt to use because I think you would be at once in a very unfortunate position. I think you would put yourself in a position of where you simply—for instance, let me take the question of the increasing box cars which has been suggested. Suppose I were to use the powers which undoubtedly are in the act for me to say to the Canadian Pacific: "You must put more box cars in grain". I would then become a receptacle for every complaint of every shipper of everything other than grain on the C.P.R. I am not chump enough to take on a job like that. Every contractor in the country who was short of lumber would complain to the railway who would simply say: "Send your letter to the transport controller", and I am not the type of a person that would take that on. I know it would not work.

Q. You have been connected with the grain trade, I think you told us, for 40 years?—A. 47 years.

Q. You have been transport controller now five years?—A. Right.

Q. We have a suggestion here that the fault here is not as you believed it in the Canadian Pacific Railway not supplying box cars as requested by you but it is the "people who control the terminal elevators such as the Saskatchewan Wheat Pool". From what they have told us I draw the conclusion that they are blaming the Saskatchewan Wheat Pool and the people who control the terminal elevators without any reason to do so based upon the accepted practice in the handling of grain. That is what I understand your evidence to mean and I want to ask you if you now in the light of their brief are ready to absolve them from blame and accept their suggestion that it is really "the people who control the terminal elevators such as the Saskatchewan Wheat Pool." Do you think there is anything whatever in their suggestion that the Saskatchewan Wheat Pool and the other people controlling the other terminal elevators are to blame for the situation?—A. I will answer your question this way. I am not trying to duck the straight question, but I will put it to you this way. If into a matter of such great importance and such magnitude as the movement of grain there is to be introduced some innovation different from the pattern which has existed, then I think that rather than making a bold statement that "This is what we are going to do and none other" perhaps it would have been better to have discussed it and perhaps there could have been some arrangement worked out. I do not know but to simply say that "This is what we are going to do from now on" and it is different from anything we ever did before. I think it is the prerogative of the railway to take that attitude if they want to but if they are going to take that attitude they must be responsible for the consequences.

I have stated and said repeatedly before this committee that I have no complaint with the C.P.R. with regard to their general operations, with regard to the cooperation that I have had from them throughout the piece excepting in the one period and in that period I felt this way, that I was entitled to an explanation if they did not wish to agree with what I had asked them to do. I asked them on the 2nd of March to get the box car count up. On the 5th of

April I had to write them again having had nothing in the meantime other than an assurance from Mr. Crump in his letter of March 6th that he would exert his efforts to comply with my request.

Now, a month later there had been no improvement. To me that was a letdown from anything that had ever happened before on the railway. That is my criticism. Of course I have stated repeatedly that they have cooperated with me otherwise to the fullest extent.

If the railways say, on the other hand, "We did not let you down, we had enough box cars" my answer to that is this: that any time I had asked either of the railways to increase their box car loadings I knew what I was doing when I was asking them to give me those extra box cars. I knew where they were going. My record will indicate that when they had increased box cars at my request through the years, their box cars were handled expeditiously and I knew what was going to happen with them. And in this instance when I asked them for the box cars they would have had exactly the same treatment as they had had heretofore. It did not occur, I said I thought I was let down and I still maintain that that is my opinion with respect to it.

As I say, this is a very complicated business. I am in sympathy, as I told you before, with any operating manager or official of the railways who is attempting to make out of his transportation service the best money he can make. You cannot make money out of box cars standing still, you cannot make money out of box cars used for the storage of grain. They are rolling stock and to that extent I am perfectly sympathetic with them in their endeavour to try and get as quick a turn-around on box cars as they possibly can but I think the suggestion they have put forth with respect to putting the cart before the horse, a sort of guarantee that they are going to get unloads on the basis of what they ship is going to be very difficult to operate and I think it would receive objections from the other road.

They have a lot of box cars in the west and the Wheat Board orders are in the country. As I understand today it would require that the Wheat Board take a new look at the method whereby they operate and whereby they put orders out to the country because if the orders are there at Canadian National points and the Canadian National has the box cars they certainly will load the box cars and put them down at the terminal. Now, what happens should they get there if there is another basis for unloading them from the percentage basis on which they are loaded? I do not know what the answer to that will be but it is something I do not want to be involved in, I will tell you that.

By Mr. Quelch:

Q. Mr. Chairman, Mr. Emerson stressed the fact that they supplied a sufficient number of box cars to enable cars to be unloaded at approximately the same rate as they were being unloaded or at least as fast. Now, Mr. Milner suggested that if more cars had been provided, those cars could have been used to satisfy internal arrangements to millers, brewers, and so on? —A. I do not think I said brewers.

Q. Well, I had a specific instance in mind. I have one question I want to ask in that regard. In the early part of this year there was in my part of the country a very great shortage of box cars for shipments internally. A number of farmers had received permits to ship a carload of barley to the brewers and they could not get the box cars. They had hoped to get those box cars shipped before seeding started. Although they got their permits, I think, in the latter part of February or early March it was well into the middle of seeding before the cars were allocated to them and they had to stop their seeding operations in order to load the barley. The

question I am asking is if more cars had been supplied would there have been any assurance that those cars would have been used for that purpose or would they also have been sent down to the terminal elevators to add to further congestion? Who actually decides whether or not the cars that do arrive at a shipping point will be used for barley or for a miller or for the export market because during this period cars were arriving at the shipping point all along at the elevators at which the farmer intended to load his car and these elevators did not give the cars to a farmer to load his barley; they merely loaded them with wheat and shipped them down to the terminals. I am wondering who actually decides which car will be used for satisfying the internal market?—A. That is handled by shipping orders which the Wheat Board gives to the various companies. The Wheat Board puts out shipping orders in what is known as preference shipments. They will say that perhaps No. 1 preference will be wheat to the mill, No. 2 preference 2 Northern to Fort William, No. 3 preference might be barley to maltsters and so on and they put the preferences down and any car that is presented at the elevator for loading should follow the preference that is set out by the Wheat Board but the railways were in a difficult position with respect to the barley that you mentioned and particularly in the month of February. That was one of the worst months in the west. There had been a lot of farmers who had sent in samples of barley to malting companies which had been accepted for malting. When the railways put the car in fully expecting to get loadings of barley, the barley was not at the point and the elevator companies used it to load anything at hand and sometimes they shipped grain that was not wanted and should not have been shipped in those cars.

Then, the railways were criticized for not having taken barley out but it was not their fault. The cars were put in but the barley was not there because the farmers could not deliver it on account of the road conditions and nevertheless those orders were in that point for barley which had been accepted for malting by various producers in the area and it put things in a very nasty position and the result was that the railways shipped out a lot of grain that was not wanted, mainly No. 3 wheat to the terminals when the railways went in there for the sole purpose of shipping out barley but as Mr. Emerson pointed out it is not the function of the railway to supply grades of grain. They simply put the cars in and whatever is shipped out is the responsibility of the company that loads it.

By Mr. Nicholson:

Q. We seem to be getting somewhere now. Mr. Milner has qualified some remarks that he made the last time he was here when he was speaking with a good deal of heat and if Mr. Emerson would qualify some of the remarks he made yesterday, I think probably we would make a little headway. I gather Mr. Milner has to worry about a situation that was outlined at the end of June when one of the two railways in Saskatchewan had a four bushel quota at 23 per cent of their points and the other railway had a four bushel quota at 4 per cent, or, if you take the quotas for 4 and 5, one railway had 68·8 per cent at their points on that quota and the other railway had 29·78 per cent.

Am I right in saying this is the sort of situation that creates headaches for the transport controller?—A. Let me point out again only to this extent. My duty as transport controller I have outlined before this committee—indeed I am sick and tired of doing it. I have told you my responsibility was to get grain to seaboard ports and to meet export commitments on delivery to the Wheat Board or other shippers. Really the question of the allocation of cars to every

station I never accepted. It is one duty I would never undertake and I so stated it at every meeting of this committee where I have appeared and at other places where I have spoken in public.

I did feel, however, that it was part of my duty to point out in a general way to the railways that it would be a good idea for them—and I did it only from the friendliest of motives and not as my duty as transport controller—to satisfy complaints that were bound to accrue in various areas where one section of the country was in a more unfortunate position than the other. I did so and I have done it repeatedly and in cooperation with the car service departments of the railways who I have told you have worked 100 per cent with me. They have done their utmost with the cars at their disposal to even up quotas at the points throughout the west. They are just as conscious and I think just as anxious to see that producers get a fair chance to deliver grain in one section of the country as in the other.

It has not been possible and it has not been possible for a great many reasons. Some have been outlined to you. I think they were outlined to you by Mr. McIvor when he was here that there were certain grades which had to be moved in volume from certain points. There were certain areas that had a particular type of wheat that was particularly useful for the millers, because when you are selling protein flour you must get protein wheat to mill and all those things complicate the evening out of quotas at country points. When you ask me was I concerned about it, I was concerned about it because I have lived in the west most of my life and I saw a situation which was developing and which I drew to the attention of the railways.

Q. But I gathered you were in this hot water because at some time—
A. I am not in any hot water.

Q. Well, we are having a special meeting of the committee as a result of certain remarks you made regarding the "pen-pushers and theorists" in the C.P.R. and it was felt that the C.P.R. should be called here to be given a chance to present their side of it and you have returned to Ottawa to put the record straight, and it seemed to me that this must be somebody's responsibility to worry about the fact that in the province of Saskatchewan with one system you have on the seven bushel quota 14 per cent of the stations of one railway, and 33·28 per cent of the stations on the other railway.—A. Let me deal with that for a minute and I think I can clean it up for you. There was a meeting with the Wheat Board, the railways and me, and after that meeting when the Wheat Board told us what they had to move, I pointed out to the Wheat Board in a letter that at the rate of loading being done by the Canadian Pacific—which was the company in question—that if they could go into the five bushell quota point, we might be able to clean up those 5 bushel quota points in western Canada if they would permit the railway to put the cars into those points. I said that they have got the equipment and the desire to do it, and that I will not have the situation develop where the railways will be blamed entirely for the fact that those quota points are not cleaned up. That is a matter of record.

I wrote to the Wheat Board about it and I believe that I probably sent copies of my letter to the others. That was the situation.

Now, that cannot be done, and the Wheat Board knows that it cannot be done because there are certain cars which have to go out and which mitigate against the evening of the quotas. But there was a situation there at that time that at the rate of loading being carried on by the railway—where they had the cars and equipment and desire to clean up those points, but they were not permitted to get into those points in order to clean them up.

Q. If only Mr. Diefenbaker were here.

The CHAIRMAN: But Mr. Diefenbaker is here!

Mr. DIEFENBAKER: Surely you are not going to start preaching at me!

By Mr. Nicholson:

Q. I am sure that Mr. Diefenbaker will agree that the grain on the Canadian Pacific line from Prince Albert to Nipawin is not of such a different quality as the grain on the line between Prince Albert and Melfort on the Canadian National Railways line, and that it is not easy to explain to the farmers in that area why the Wheat Board wanted to get wheat from the Canadian National Railways line and did not want to get any from the Canadian Pacific Railway line.—A. That does not come within my province, and I told you exactly what the situation was. There are enough cars, and the rate of loading was certainly such that the Canadian Pacific could have gone into the quota points, and if they had done so they would have been cleaned up by the tenth of the month, but they were not permitted to do it; they were told that they had to go elsewhere with their equipment.

Q. Again on page 4 of Mr. Emerson's brief I would like to have Mr. Milner's comments on this sentence:

There seems no doubt but that the farmers in areas served by Canadian Pacific have not received their fair share of grain shipments in relation to the stocks they had on hand. This is not the fault of Canadian Pacific. It is the fault of the people who control the terminal elevators, such as the Saskatchewan Wheat Pool. They have within their control the number of Canadian Pacific cars they will unload.

Would Mr. Milner kindly express an opinion as to whether or not that is a fair statement of fact?

The CHAIRMAN: I believe this very question was asked before in exactly the same terms, and it was asked this morning.

Mr. NICHOLSON: It was not asked in these terms, and it is very easy for Mr. Milner to say yes or no.

The WITNESS: If I should say yes or no, would that be an answer?

Mr. NICHOLSON: Mr. Milner has returned here as the result of some statement he made which he now thinks was impudent.

The CHAIRMAN: I am under the impression that this very question was asked in exactly the same terms this morning. I may be wrong, but that is my impression.

By Mr. Nicholson:

Q. If so, Mr. Milner will give the answer which he gave before, because I did not hear the question being asked, and I have been here all the time.—A. Would you mind repeating the question?

Q. I have read you the sentence, and I asked you if you considered it to be a fair statement of fact?—A. Only to this extent: as I say, this was something which was introduced which had never been introduced before.

The CHAIRMAN: No, I am sorry. That is not the statement he wants. I think it is further on.

Mr. NICHOLSON: Let me read the statement to you again.

The CHAIRMAN: What page is it?

Mr. NICHOLSON: Page 4.

The CHAIRMAN: Thank you, and what paragraph?

Mr. NICHOLSON: It is near the bottom of page 4, about two-thirds of the way down.

The CHAIRMAN: Thank you.

The WITNESS: You say page 4.

By Mr. Nicholson:

Q. There seems no doubt but that the farmers in areas served by Canadian Pacific have not received their fair share of grain shipments in relation to the stocks they had on hand. This is not the fault of Canadian Pacific. It is the fault of the people who control the terminal elevators, such as the Saskatchewan Wheat Pool. They have within their control the number of Canadian Pacific cars they will unload.—

A. No, I do not agree with that statement.

Q. Thank you very much, I felt sure you would say that. I am sure you did not say it before. Now may I ask you if this specific problem was brought to your attention by the Canadian Pacific at this particular time?—A. At what particular time?

Q. At the time in question during the critical period when you were not getting the cooperation from the Canadian Pacific which you thought you should have.—A. I have already said two or three times that the first time I ever had that proposition put up to me was on the 10th of April.

Q. In other words, this problem had not been brought to your attention during the period in March when Mr. Emerson said the Saskatchewan Wheat Pool had been holding C.P.R. cars, 20.6 days, and it was not brought to your attention during that critical period.—A. I am not so sure; it might have been mentioned generally but not in that way by the Canadian Pacific through their superintendent, or they may have told me that they were holding too many Canadian Pacific cars, whereupon I might have telephoned to Bill Parker and got some in. I do not remember the circumstances in respect to it.

Q. So page 4 does not say that the Saskatchewan Wheat Pool was treating the Canadian Pacific in a manner different to the way in which it was treating the Canadian National Railways, and I do not see any reason for including this in the brief unless it was clearly inferred that the Canadian Pacific was not receiving from the Saskatchewan Wheat Pool the treatment which it was giving to the Canadian National Railways; and Mr. Emerson was not able to give us any information regarding Canadian National Railways handlings at that time. Could you, as transport controller, say something regarding the operations of the Saskatchewan Wheat Pool at terminal number four or at terminal number two at that particular period affecting the C.N.R.?—A. Why not at terminal number seven?

Q. I think Mr. Emerson mentioned numbers four and two but you may take number seven; take the whole group.—A. No, I cannot give you any information as to what was happening right at that time. I cannot think back to what was happening at that time. But I can say this: I do not think that the Canadian Pacific deliberately picked out the Saskatchewan Wheat Pool to make a goat of them in this matter.

Q. Then why were they used?—A. They said why they used them: because the Saskatchewan Wheat Pool cars were there for a greater length of time, although they said other companies held cars too; but probably somebody asked who was the worst offender and they said "the Saskatchewan Pool".

Q. You heard them say "the Saskatchewan Pool" was the worst offender?—A. They were, during this period, but I do not think he intended to make a special case against the Saskatchewan Pool. I do not think he meant to do so!

Q. According to the press this morning—

The CHAIRMAN: Well, Mr. Nicholson, you asked the witness a question and he answered it. So let us carry on!

By Mr. Nicholson:

Q. I shall ask Mr. Milner if he has any comments on the fact as reported by Mr. Emerson that the Saskatchewan Pool held those cars for 20·6 days during this period in March of last year as compared to the non-pool holding them for 8·3 days. Can he think of any explanation for the information which Mr. Emerson gave yesterday?—A. I do not know how any person could explain a fact other than just to repeat it.

Q. I was wondering if the information you gave us earlier this morning was to the effect that both railways had agreed to have 8,000 cars on wheels prior to the opening of navigation and if it so happened that in that period a larger percentage of the cars were assigned to the Saskatchewan Pool than had been assigned to the others—but if you have not that information I shall not press it. Now, on page 19—

The CHAIRMAN: Mr. Nicholson, I hesitate to interrupt again, but it seems to me that we are embarking on a dangerous procedure at the moment. We have a witness before us who made a statement. You are taking the statement of the Canadian Pacific Railway and examining this witness, not on his own statement, but on the statement of the Canadian Pacific Railway, while the Canadian Pacific Railway will have a rebuttal.

Mr. NICHOLSON: They will?

The CHAIRMAN: Yes, they will. So I suggest that the statement of the Canadian Pacific Railway be dealt with by the Canadian Pacific Railway and that this witness be dealt with on his own statement.

By Mr. Nicholson:

Q. Since the transport controller has been brought into the Canadian Pacific brief on page 19 where we have the correspondence between the transport controller and the Canadian Pacific, I would like Mr. Milner to make some comment on this exchange as reported on page 19. I gather that the Canadian Pacific would only have about 55 per cent, and the Canadian National Railways 45 per cent. Was there some suggestion from the transport controller's office whereby the Canadian Pacific should have that 75 per cent of the unloadings? Would Mr. Milner care to comment on this correspondence on page 19 and tell us at what point the suggestion was made that the Canadian Pacific should be able to get 75 per cent of the unloadings at the terminals at the head of the lakes?

Mr. POMMER: That is not it. It was Vancouver.

By Mr. Nicholson:

Q. Apparently there is some conflict between the different officials of the transport controller as to whether or not the transport controller had agreed to 75 per cent. Would Mr. Milner comment on what discussion there had been with the Canadian Pacific to have 75 per cent?—A. The discussion arose in this way: that during the talk about getting the cars out west, I wired Mr. Crump to the effect that the orders which had been placed by the Wheat Board in the country divided 75 per cent to the Canadian Pacific, 14 per cent to the Canadian National Railways, and 11 per cent to the N.A.R., as I remember the figures, and I said: "can you load these cars or shall I ask the Canadian National Railways to increase their loadings", or I used words to that effect, and Mr. Crump replied. I believe it provided that if they got 75 per cent of the unloadings, they would supply 75 per cent of the cars.

Q. I gathered from Mr. Emerson's comments that he would be quite happy with 55 per cent of the grain to move as compared to 45 per cent to the Canadian National Railways, if they could have 65 per cent of the unloadings at the

terminals, and that would assure the maximum use of their equipment. That is understandable. I wonder if the transport controller would not be in trouble with the Canadian National Railways?—A. Mr. Tucker asked that very question a minute and a half ago.

Q. Yes, but not in this form. Would the transport controller be in trouble if he tried to insist on the one railway which you said previously had a very bad record this time?—A. I do not think it had a bad record.

Q. I mean at this time. I will let that go. Although the Canadian National Railways apparently are not expected to have 50 per cent of the grain movement, they do consider that they have to have a larger number of box cars to handle this important Canadian commodity. Would Mr. Milner comment on the reasonableness of the C.P.R.'s proposal that, although they have fewer box cars than the Canadian National Railways for the handling of grain, that they should have 65 per cent of the unloads at the terminals so that they can have their fair share of the grain distributed to their lines even though they have not sufficient box cars. I think Mr. Emersion mentioned that it would take \$125 million to buy enough box cars to put them in a comparable position to the Canadian National Railways. It seems to me that the publicly-owned railway is in a difficult position if it has to provide \$125 million more for box cars to move a commodity if a competitor can expect that with less equipment they can get 65 per cent of the unloads. Would Mr. Milner care to make any comment on that?—A. I really do not know what you have been talking about.

Q. I will start over. It has been argued that the C.P.R. should handle 55 per cent of the grain and, although they have \$125 million less invested in box cars, it has been suggested that they should have 65 per cent of the unloads.—A. I do not think that anybody ever made that suggestion. But go on.

Q. Now you will notice here—A. That is referring to Vancouver alone.

Q. The C.P.R. suggests, at page 19: "It clearly indicates that, in determining the share of unloadings to be accorded each road, the policy was to make this division on the basis of the number of cars under load at the terminals." If the Canadian Pacific Railway can get their cars unloaded more quickly than the Canadian National Railways, then it is perfectly obvious that they can get along with fewer box cars than their competitor. It seems to me that this proposal made by the C.P.R. is an unreasonable one.

The CHAIRMAN: Mr. Robinson.

By Mr. Robinson (Bruce):

Q. Mr. Chairman, we have heard a lot about this subject and it looks as though it is one of those cases where an irresistible force comes up against an immovable object. When the omelet is all scrambled out it will be rather a long line on which to hang the wash. There was a question brought up by the member for Moose Jaw this morning when he was inquiring about the benefit that would be derived from seven days' unloading. I would like to ask Mr. Milner if he thinks it is a good thing to put in that seven-day unloading period and try to help out both railways?—A. I think that it is a question that could be suggested to the terminal operators and I think they would have to use their best judgment as to whether that is something which could be done and done profitably. I think it would increase their staff perhaps to a point where they would be coming back to the Board of Grain Commissioners, of which I am a member, asking for a very much higher tariff. I do not know how far reaching that would be. At the moment, the terminals are able to handle the grain which the Canadian Wheat Board sells. If you increase the terminal capacity by increasing the labour force at the terminal,

undoubtedly there would be more cars unloaded; but as to the necessity of it—and that was a point they were making this morning—I do not believe that it is necessary.

Q. In his forty-seven years of experience in grain, would the transport controller tell us if there has been very much discussion in connection with building more elevators in the eastern provinces and whether there is any hope of that being done to help out the feeders?—A. Well, sir, since the first eighteen months that I was transport controller, while there were some complaints by feeders in the east, I have not had a complaint for over three years from a feeder in the east that he was not able to get supplies as far as transportation was concerned. In fact, I have had letters from people in the feed business in the east saying that they have had sufficient cars to look after all their domestic needs. I do not know whether or not that answers your question.

Q. Yes, it does to a certain extent; but I would ask you this, if those elevators were spotted, down in the east, on the lakes, would you agree that it would give us much cheaper feed down there?—A. It would be cheaper to the extent of the difference between water freight rates and all rail freight rates.

By Mr. Johnson (Kindersley):

Q. I have just one question, Mr. Chairman. As transport controller you would have an idea of what proportion of the grain that the various railways are expected to move. I imagine that would be based on the evidence of the elevator companies themselves, and also based on their working capacities. What do you feel is the share of grain that the C.P.R. should move as contrasted to the share which the C.N.R. should move?—A. Roughly this year it was, as suggested yesterday, approximately 55-45.

Q. The long-term average?—A. I do not know about the long-term average. It varies because of crop failures in some parts of the country. It is something which varies every year.

By Mr. Charlton:

Q. Mr. Chairman, I would like to ask Mr. Milner this: according to the statements made here. I think that probably you would agree with me that it is possible, having in mind that the C.P.R. serves different districts in the west, that different grades of grain would be in those localities and it might be that lower grade localities are serviced by the C.N.R. than are serviced by the C.P.R.—A. Unquestionably.

Q. That might be part of the difficulty?—A. Yes.

Q. You said a moment ago that some of the country elevators did not always stick strictly to the directions of the Canadian Wheat Board when they were shipping out grain; that is, that some grain was shipped out that probably was not directed to be shipped out?—A. Right.

Q. Then it could be, if it is not more closely watched, that there would be cars arriving at the lakehead with the wrong grades of grain? Is that not true?—A. That is true.

Q. I understood from you that it had been the practice for years to probably have the lakehead and Pacific terminal yards pretty well full of box cars of grain just previous to the lake shipping season?—A. At the lakehead, yes.

Q. Yes. It would not, of course, be so at the Pacific terminal because they ship all year. That has been a fairly characteristic practice, I understand. Now, in view of the fact that there has been one terminal elevator company that is holding up the cars a little more than the others—as the witness, Mr. Emerson, stated yesterday for 20·6 days for one and only 8 for the rest—is there demurrage paid on these cars when they are sitting in the yards at the terminals?—A. Not before the first of August. No, sir, there is not.

Q. Then I assume that the storage would be paid to the elevator company the minute that the grain is taken in from the farmers until the time it is shipped out at the lakehead?—A. Yes. For a certain number of days after the date of shipment.

Mr. SAMWELL: Thirteen days.

By Mr. Charlton:

Q. I take it that the elevator companies can collect quite a bit of storage on this grain which is being held up at the lakehead?—A. Up to a thirteen-day period, yes. If it were fourteen days they would collect thirteen.

Q. They can hold the grain for thirteen days and not lose any money.—A. Yes, but do not leave the impression that that is done; it is not.

Q. But they can collect storage up to thirteen days from the time it left the country elevator until it was loaded at the lakehead?—A. Yes.

Q. Then would it not be a good arrangement if the elevator companies would turn back this amount for storage to the railway companies and then the railway companies would not worry so much about having the cars held up there. Would that be reasonable?—A. I think the railways would agree to that.

By Mr. Dinsdale:

Q. Mr. Chairman, Mr. Chalton was on the point which I had intended to pursue. However, I think that I might be able to obtain one further bit of information. It has to do with this problem of grades. The point has been raised that the accumulation of the wrong grades at the lakehead was a partial cause of the delay. According to the information which you gave Mr. Charlton, it is possible for an elevator company to ship whatever grades it has on hand regardless of the demand at the terminal point. Is that correct?—A. No. It is done on a basis of shipping preferences as given to the elevator companies by the Canadian Wheat Board. The Canadian Wheat Board may take disciplinary action if these companies do not ship grades according to preference; they may penalize them two or three cars.

Q. Was this accumulation of wrong grades at the lakehead partly responsible for the crisis at the critical period of which we are speaking?—A. Not to any great extent.

Q. I have a general question concerning the power of the transport controller. You do have authority to control the movement of bulk goods other than grain?—A. That is right, I do.

Q. Has it ever been exercised in reference to the export movement to the United States?—A. Of what commodity? Do you mean grain?

Q. No, other than grain, for instance lumber, metals and fertilizer.—A. No. I have never used it. However, I do keep records in my office of the movement of ore, and sometimes when they are behind on their shipments to Stelco or to Algoma, I talk to the lake operators and we put a couple more boats in ore to catch up; or, conversely, if I think that they are caught up on ore I may say, "take a couple of those boats out and put them in grain".

Q. The fact that it has never been used in the west would suggest that the box car situation has never been such as to necessitate action on your part.—A. By and large, over the period when I have been transport controller, I have said that there have been sufficient box cars in the west to meet the requirements of the Canadian Wheat Board and other exporters. I have always said that and I have not changed my ideas on that.

Q. I do not suppose that you can make an estimate as to the average number of box cars in the United States?—A. That information was given by Mr. Emerson.

By Mr. Gour:

Q. Mr. Milner, you will have to excuse me if I repeat a question, but I will be short. I feel I must take the time to thank you for your patience again. This question was asked by a gentleman a minute ago with regard to the time delay—the time that was called for in unloading. I thought I would ask that question of Mr. Emerson, but I think it would be the same as if you explained it. The railroad companies do not receive one dollar in demurrage for that for that 20-day delay?—A. That is right.

Q. Now, having the answer from you, I want that answer to be put in the report. I am speaking with regard to demurrage for the railroad company.—A. No demurrage for the railroad company, no.

Q. I think our friends from the west should know how privileged they are compared with the east.

Mr. JOHNSON (*Kindersley*): If you tell him to—

The CHAIRMAN: Order.

Mr. GOUR: In the east if we receive wheat, lumber, or anything, we have two days to unload it free—48 hours. Following that two-day period, in the third and the fourth days it cost \$3 a day; in the fifth and the sixth day it cost \$5 a day, and after that it cost \$7 a day.

Mr. NICHOLSON: The government has a monopoly in the selling of wheat.

Mr. GOUR: You talked a minute ago; let me talk now. There has been a 20-day delay in unloading. That delay would cost, at the cost in the east here, \$114 for a car for a delay of 20 days. We in the east pay high freight, and a lot of money in order to have good services for the eastern people, and the west kick about everybody, the C.C.F. mostly.

By Mr. McCullough (Moose Mountain):

Q. Mr. Chairman, I want to say that I categorically disagree with Mr. Milner in the statement he just made in answer to Mr. Dinsdale, in respect to the problem arising in areas where we have low quotas in Saskatchewan. I say that I categorically disagree with that, that the types of grain in those positions—A. He did not ask me that. Mr. McCullough let me correct you. He did not ask me for any specific area. He was speaking in a general way, were you not, all over the west?

Q. I want to draw to the committee's attention that there are thousands of farmers who are in low quota areas, you have intimated as being a cause for loadings not being provided in those areas; it is certainly not due to the types of grain in those areas.—A. I think that is right in the south country; I agree with you.

Q. I wanted to bring it to the attention of the committee. We have, as an example, Assiniboia, the C.P.R. line running out to the north where they have low quotas. We have another one to the south going through Swift Current; both ending up finally in Swift Current, and intermediate, between those two points—it is a matter of 30 or 40 miles on the C.N.R. lines. We have all those points, and an alternative delivery point. So that the point I am trying to make, Mr. Milner, is that I do not think we should allow the members of this committee to think that the areas served by the two railroads have the same sort of service as far as the railroads are concerned. They do not get the same service.—A. I did not say so.

Q. I am making that point.

Mr. PURDY: Is he making a speech, or asking a question, Mr. Chairman?

By Mr. McCullough (Moose Mountain):

Q. It was an answer which I did not think should have been allowed to go unchallenged, because it was not true.—A. I did not make any statement that was not true, Mr. McCullough. Are you suggesting I did?

Q. I am correcting it as far as any impression that might be left, Mr. Milner, from your statement, where you said in answer to Mr. Dinsdale, or Mr. Charlton, that the positions of the low quota areas were in some degree, if not largely due to the condition of grain necessary for sales by the Canadian Wheat Board. That is the impression I got.—A. I would like to correct you on that. I think what Mr. Charlton said was: Does not the difference in grade in certain areas have something to do with the difference in the supply of box cars. Was that not your question?

Mr. CHARLTON: That is right.

By Mr. McCullough (Moose Mountain):

Q. All right, let it go. I wanted to clear that up, and I am quite satisfied that it is cleared up. Now, you said, sir, that you have the authority under the act, by which you could use your powers, in order to get certain action from the various railroads. In other words you could insist, through your authority, that you would get box cars and they would be allocated according to your wishes, if you so desired, is that true?—A. I said I could ask them to bring in more box cars, yes.

Q. But you felt that it would be an intolerable situation. In other words, where we have the Canadian Pacific Railway, the railroad under question in this committee, and their operations, you did not get cooperation from this privately owned railroad during a period last summer?—A. For a short period.

Q. For a short period. You feel that if you had got cooperation, that there was no physical reason why they could not have given you that cooperation, by which you could have met the need of loading and marketing grains under your control—the loadings under your control?—A. I do not know if they had a reason. They did not state it to me if they did have one. All I know is I did not get the cars.

Q. Would you say that the cars were available?—A. I do not know.

Q. You never had any reply from the C.P.R. to the effect that it was not possible for them to supply you with box cars?—A. No, I did not.

Q. Could you say, sir, whether or not the box cars that were in the States, owned by the C.P.R., had any bearing on the fact that they did not supply you with box cars?—A. I would think that at any time that would have very little bearing.

Q. Could you tell the committee, Mr. Milner, whether or not to your knowledge there was any discrepancy between the C.P.R. and the C.N.R. unloadings during the period which built up to the critical position which we have been trying to examine?—A. No, I think they went along on a very even basis.

Q. You feel, then, sir that the C.P.R. got just as even justice as the C.N.R.?—A. I do, yes.

Q I think that is all I have to say.

The CHAIRMAN: Shall I thank the witness now? Thank you very much Mr. Milner for coming back this morning.

By Mr. Cardiff:

Q. Just before Mr. Milner leaves, I would like to ask a question. I sat and listened yesterday to Mr. Emerson, and as far as I could find out, it was not a case of not having enough box cars; it was a case of not being able to unload them. I would not consider that that was the fault of the C.P.R.

I would think it was the fault of somebody who directed those cars to be loaded. Now, whose fault would that be? Would that be the grain board or whose fault would it be? I would not think it would be the fault of the C.P.R. that those cars were loaded with grain, and that they could not unload them. It looked to me as though somebody was using the cars belonging to the railroad for storage space unnecessarily.—A. What is your question to me, sir?

Q. My question is, whose fault was it that those cars were loaded with grain when they were not in a position to be unloaded?—A. I think I told the committee before that there were 38,000 orders for cars in the country in the hands of the elevator companies. Now, when the orders are there, the railways, I presume under their act—I do not know much about the law and the Railroad Act—but I presume that, as a common carrier, if they apply for a car at a point, that the railway supplies it to them. The orders were there for them to make shipments.

Q. What use would there be of bringing a lot of cars—about a thousand Mr. Emerson said yesterday, that there were, I think, in one or two particular cases where they had 125 cars loaded at the head of the lakes, and only 14, or 17 unloaded even as low as 10 a day—what was the use of having all those cars come in there loaded with grain if there was no place to put them?—A. That is something that has always occurred, Mr. Cardiff. It is nothing abnormal at all. It is something that the railway wishes to change now, and I can understand the reason for their wanting to do it. But I think that it is something that has got to be looked at very closely.

Q. Would you say that the grain board was in any way at fault for that condition?—A. No, I do not think so. I think it was just in the normal practice of their operations. There were heavy orders in the country, and they were being picked by the railroad.

The CHAIRMAN: Thank you very much Mr. Milner.

Now, I believe Mr. Sinclair, the attorney for the C.P.R., would like to make a statement.

Mr. I. D. Sinclair, General Solicitor, Canadian Pacific Railway Co., called:

The WITNESS: I am very sorry Mr. Chairman and members of the committee that Mr. Milner found it necessary to leave. I told him at the noon recess, that in the light of what he said this morning, that I was going to make a statement on behalf of the Canadian Pacific, and give this committee certain facts; and that I was going to say something about what he had told you, and I had hoped that he could find it convenient to be here when I said it. Now, he cannot. His plans were made and he was unable to stay.

The CHAIRMAN: I might interject at this stage. Mr. Milner is really under pressure of work. He was allowed to make a rebuttal. Now the Canadian Pacific is being allowed their rebuttal. I do not think it would be even feasible, or possible, even if the controller had stayed here, to allow a third rebuttal, and the C.P.R. again. I think everybody will appreciate that since the controller has had the floor we are now giving it to the C.P.R., and that will be, I hope a conclusion in the matter.

The WITNESS: The point I wished to bring to the attention of the committee was that some of the things I have to say I wanted Mr. Milner to hear. I just wanted you to know that. I am not saying that he walked out because I was going to say these things, but he just could not stay. That is all I am trying to say.

Mr. GOUR: He is not that kind of a man.

The WITNESS: He could not stay. I know he would like to have stayed. But, on the other hand, we have six operating men here, Mr. Chairman, and members of the committee are busy men and we are anxious to get on too.

The C.P.R. feels that we have to tell you frankly and fully what its position is.

Now, I have listened to Mr. Milner in regard to what he said today. He opened this morning by saying it was a justification of his charge that the C.P.R. had let him down. Mr. Nicholson said that he did come back here and listen to Mr. Emerson, and now he was putting the record straight. I am not going to quote people, and I am not trying to use their exact language, but that is the purport of it.

Now, gentlemen, I want to characterize Mr. Milner's statement to your committee today in this way: I think I have never heard such an attempt at what can only be described as confession and avoidance. He confessed first that his intemperate language about the officers of the Canadian Pacific was completely unjustified. He confessed that he was not a transportation man, and that the railways knew more about their business than he did. He attempted to avoid by what I say to you, was inconsistency. He said he had no personal ill will to the Canadian Pacific. I want Mr. Milner to know that we have no personal ill will to him.

What we are surprised about is that: he was trying to defend what he knows is an indefensible position. He has approached the entire problem at the lakehead as would a terminal operator. Undoubtedly Mr. Milner has had a lot of experience as a terminal man in the grain business. Now, undoubtedly the railroad cars in the past have remained at the lakehead awaiting unloading for an unconscionable length of time. Undoubtedly the railways have assisted the terminal operators by having box cars used as storage. Mr. Milner confesses that to do that when there was a use for the cars was wrong. He said a number of times that as a businessman he could see no reason for—and he would not ask the railways for—the use of their cars for storage and he repeated that this afternoon.

Now he attempted to avoid the situation that statement put him in by saying that surely nobody expected him to ask the railways to send cars to western Canada for loading when he did not know where he was going to unload them.

An Hon. MEMBER: Would you repeat that?

The WITNESS: Surely he did not expect anyone to believe that he was going to ask the railways to send cars to western Canada for loading when he did not know where he was going to unload them. The fact is that Mr. Milner has proved to the railways that when he asked for cars he did know where he was going to put them. He did not know where they were going to be unloaded. He has proved that to us.

Mr. Tucker put his finger on that point this morning when he asked Mr. Milner whether the terminals had enough grain on hand at the Lakehead at the opening of navigation. Mr. Milner said they had. He said the railways had done what he had asked them to do—that they had done what they had agreed to do. Now you will remember that this morning he said that he had asked the railways to have in transit and awaiting unloading at the Lakehead between 8,000 and 9,000 boxcars. Here are the figures of the total number of cars unloaded at, and in transit to, the Lakehead as of April 5: Canadian Pacific 3,395, Canadian National, 3,148, total 6,543. There is a little confusion as to whether the date was the 5th or the 6th when Mr. Tucker was putting his question, so I have the figures for both dates. On April 6, Canadian Pacific 3,431, Canadian National 3,242, total 6,673.

Now gentlemen, those figures are between 2,000 and 3,000 box cars less than Mr. Milner asked for. This shows, I say, without any doubt, that he asked

for more cars than he required. I say to you that that is the typical approach of a terminal elevator operator—ask for more—always for more—cars. The terminal elevator operator is not concerned with whether or not it is wasteful transportation. That is not his business. His business is to operate the terminal elevator at the lowest possible cost and to have the largest revenue he can from storage and the other charges he has the right to make under the statute.

An Hon. MEMBER: What is wrong with that?

The WITNESS: There is nothing wrong with it—not a thing wrong—but when it bites somebody else, then there is something wrong with it. The terminal elevator operator says: transportation is not my business—transportation is the business of the railways. Now, gentlemen, what Mr. Milner forgot is that as transport controller he was no longer thinking—or should no longer be thinking—as a terminal operator. Mr. Milner has confessed, as Mr. Emerson has stated to you, that the Canadian Pacific always had a sufficient number of cars waiting unloading at terminals. He tried to avoid the result of that confession by saying that the Canadian Pacific car count in the west was down. You will remember that he gave you some figures and tried to show that if the C.P.R. has sent more cars west he could have handled them at mills and at interior terminal elevators.

Gentlemen, I say to you that this is something that Mr. Milner thought up this morning. He never told us that. He never told us he could handle cars at interior elevators. In point of fact we have been directed to load cars out of these elevators and, as Mr. Samwell will tell you, load them out of turn with all the allocation and distribution problems which that entails. You will hear about that. Some questions were asked this afternoon which were very pertinent if I may say so, I do not recall who put the questions to Mr. Milner, but one was this: that if, as Mr. Milner states, interior terminal elevators and mills could have taken more grain when we had all these cars at the Lakehead why were the cars not directed there? Why were they allowed to go on down to the Lakehead and stay there day after day? I forget who put that question. I do not recall that Mr. Milner answered it. Not only that, but when he was before this committee earlier Mr. Milner, when somebody put questions to him about interior terminal elevators, just waved them aside and said they were not big enough or important enough, really, to worry about; they did not bulk large, as I recall his testimony, in the over-all picture.

Now, gentlemen, in the light of what he said before and in the light of what Mr. Milner said in answer to questions put down there on that side of the room this afternoon about these interior terminals and mills, can you wonder why we are not impressed by the fact that he now says that if we sent out these extra cars he would have used them for loadings to interior terminals and to mills?

We have heard here this morning about the duties of Canadian Pacific to parliament, to the representatives of the people. That, I think, was in a phrase of Mr. Johnson's. Gentlemen, I want you to know that the Canadian Pacific is fully aware of its statutory obligations. Maybe I should state them now. They are, first, to operate the Canadian Pacific Railway efficiently, secondly, to provide transportation for all traffic to the best of the company's ability and in accordance with its powers. The obligations of Canadian Pacific to all shippers and to operate efficiently cannot be carried out if box cars are used wastefully and used to store grain. Mr. Milner repeated to you this morning his opinions on that point.

Now, he repeated this morning as to how many cars there should be at the lakehead, the evidence that he had given earlier, that is, three times the unloadings. But he confessed that there were others having greater knowledge

—and he was kind enough to mention us in that regard—who might consider that figure a little high or somewhat different to the one he had. We do think it is a little high. Mr. Emerson's testimony, you will recall, was 2.5 days.

The record is here before you. Mr. Emerson gave it to you yesterday in the critical period, that is, in the period from March 15 to April 30. Mr. Emerson has dealt with it. It shows that Canadian Pacific did not fall down on the job. The record is there—it speaks for itself. How does Mr. Milner avoid this? Back we come to the facts. His position as he expressed it was to press for a greater number of cars at the lakehead. He said that he had never heard until April this year of a relationship between unloadings at the terminal and loadings at country points. He had never heard of it, he said.

Now, surely Mr. Chairman and members of the committee, it is not the job of Canadian Pacific to do other than to impress upon Mr. Milner the necessity for unloading cars so that Canadian Pacific can load cars. It is not the duty of Canadian Pacific to do other than to impress upon the terminal operators to unload cars so that it can load cars. It is not the duty of Canadian Pacific to do other than try to divert grain that is on track and is not being unloaded. But it has to again get the concurrence of the other terminal elevator operators before it can unload and which they are not giving unless they want to.

What did Mr. Milner have to say? I should maybe say this in the light of what he said this afternoon: If Mr. Milner does not understand the situation—and I find it very difficult to come to that conclusion—I do think that it presents difficulties but we do not run away from difficulties and it does present substantial difficulties to operate in this way that we say is the proper and efficient way to operate the transportation of western Canada under the existing circumstances. We tried to tell him, we tried to tell the other terminal operators and we made an impression on Mr. Milner. He has confessed—he made that clear—he said that he had spoken to the Manitoba pool, I think he said, fifty times to assist the Saskatchewan pool in unloading, that is, to take cars billed Saskatchewan pool and put them in the houses of the Manitoba pool at the lakehead. By the fact that he did that Mr. Milner recognized the necessity to unload cars so that more cars could be loaded. I say it proves it.

He said again "I do everything in my power—" this is my note, it may not be accurate—"I did everything in my power to see that cars were returned promptly". I say he did not. He could have told the terminal elevator this: "Unless you unload cars within—you pick a figure 2.5, 3 days—take Mr. Milner's three days—"unless you unload cars within three days", Mr. Milner could have said: "I will not, we will not, the Wheat Board will not allow any more cars to be shipped from country points". That would have brought action. If there was more storage capacity in some of this period—and Mr. Milner has said there was, he said: "We could have squeezed in a little more"—then he could have forced them to unload in that way. I say the fact there was going to be a few more cars or a hundred more cars or a thousand more cars of Canadian Pacific at the lakehead, how is that going to force them to put more grain in storage when they have 400, 500, 600, 700 cars sitting on the elevator track waiting to get in—why because there is 1,000 is that going to force that many more in? I do not understand it.

What did he say in answer to all this? He said he thought it would cause difficulty with the Canadian National. That is the purport of his remark. He said it was going to be difficult to do it. Mr. Tucker and others here this afternoon have asked quite a few questions on this point, that is, the issue of the relationship of Canadian Pacific-Canadian National unloadings at the lakehead or the percentage of the Canadian Pacific unloadings versus Canadian National unloadings at the lakehead. Mr. Tucker, I think it was, asked him if he thought it was feasible—I think that was the word he used—to unload Canadian Pacific cars faster than Canadian National cars. Gentlemen, and

particularly Mr. Tucker, for Canadian Pacific to make this point clear I wish to say to you that we are not asking that our cars at the lakehead be unloaded faster than Canadian National cars. That is not our position. What it is we are asking is this, that Canadian Pacific cars be unloaded only in the proportion that the Wheat Board expects Canadian Pacific to move grain from country shipping points on its lines.

Now, if Canadian Pacific is to move 52 per cent of the grain then our unloadings should be 52 per cent. They should not be any more. However, if we are to move 55 per cent they have got to be 55 per cent if they are going to have efficient transportation. If you require a higher percentage from Canadian Pacific points then the proportion of unloadings must be increased.

Now, Mr. Milner said he never heard of this before and I refer you to page DD-8 of the record when he was here before. This affects equalization at quota points. This is what Mr. Milner told you:

If you are going to equalize quotas all over this country it must start right at the commencement of the crop year. There must be an intelligent survey of the crop that is grown in the various areas and the cars must be allocated to those areas not in the last two months of the year.

That is what he said. Now, if this was a new idea, if it was a concept that he had never heard of, it is funny that he would have seen so clearly the reasoning behind the whole concept when he was here before. He said that "you had to make an intelligent survey of the crop before the commencement of the year and allocate cars in relation to it". And, of course, if you are going to allocate cars in relation to crop and the elevators where that crop is in the country, you must allocate the unloadings in the same way; otherwise, you are simply going to have a backup.

Let me make this abundantly clear. It does not matter a whit how many cars are on hand between Canadian Pacific and Canadian National subject only to this: that the Canadian Pacific must keep enough cars at the lakehead to meet unloading requirements. That is our obligation. That is what we did. That is what the transport controller said we did. That is what Mr. Emerson said we did. That is one point where there is no question or any difference of opinion whatsoever. That is our obligation—we did it and how we can fall down when everybody agrees we did it is beyond my comprehension and I suggest it is beyond yours.

If the Canadian Pacific, gentlemen, cannot keep enough cars at the terminals to keep them busy, if because of great fluctuations that situation results, then and only then, should the percentage of unloadings to expected loadings be altered. That is the plain logic of the situation. I say it defies any other answer.

The Wheat Board determines what percentage of the total crop is to be moved off Canadian Pacific lines and having determined that, it has to have the unloadings to meet that expected movement.

Now, gentlemen, Mr. Emerson is here. He can give you figures. He can discuss the specific points that you may have in your mind. We have a substantial amount of data. We brought it here for that purpose. Some of it we can turn up readily; other data requires quite a bit of digging. But Mr. Emerson will get it for you if it has to do with Canadian Pacific and its transportation performance. Mr. Emerson will deal specifically with any question on the number of Canadian Pacific cars in western Canada, the time Canadian Pacific cars spent under load at terminals, the situation in the period between March 15 and April 30, the situation at any time in the crop year and I will say this about the situation as it exists today. I think

in particular he should tell you of the situation as it is right today, that is, based on his reports from the lakehead yesterday, and he will tell you about the problem of unloading as of today. Mr. Emerson will tell you of complaints from other shippers which will point up to you why Mr. Milner would not attempt to become a transportation expert. That is why he answered you, Mr. Johnson, in the way that he did about his powers and how he exercised them.

Finally, Mr. Emerson can deal with the question, any question, about our proportions of cars, what was done throughout the crop year and how they varied. Now, Mr. Chairman, he will deal with any other questions on our transportation performance that the committee may have or I suggest this to you, so that you can get along with your work, Mr. Emerson will be prepared to answer any questions that members of your committee may file with you and he will answer them in writing and file them with you so that you can have them then. It depends on what you want and how you wish to proceed.

There are some questions that I think he should answer now. There is some information that he should give you now. There are one or two facts and one exchange of correspondence I think in particular you should have and one statement also from him as to when Mr. Milner first heard of what he calls the innovation, this innovation which he says is the Canadian Pacific's position, but that is up to you.

Now, gentlemen, I want to say this: we have all maybe at some times been in a position where we have made a statement and I think this is what happened to Mr. Milner. I feel sorry for him. He made an unfortunate charge that cannot be supported by the facts and in addition to that, he did it in intemperate language.

Thank you.

Mr. GOUR (*Russell*): All these five years that I am sitting here with Mr. Milner and I have not seen any of his evidence denied. I regret that I was not here before noon. I was sitting on that other committee but since I have been on this committee Mr. Milner has come every year for five years and given some statements and what he advanced never once was denied and I am not so sure that all you have said is right.

Mr. JOHNSON (*Kindersley*): My question of information, Mr. Chairman, is in this battle of the giants, the monolithic corporation versus the appointee of the parliament of Canada are we as members of the committee going to be given an opportunity to question the Canadian Pacific Railway in the interests of the people who are really suffering, the farmers who are suffering because of the ruthless actions of the Canadian Pacific Railway in not supplying cars on their branch lines?

The CHAIRMAN: I did not quite catch the purport of your question.

Mr. JOHNSON (*Kindersley*): The whole tenor of the discussion seems to be the Canadian Pacific versus the transport controller and I was wondering if we are going to have an opportunity to question the C.P.R. on behalf of the farmers who are the real sufferers in this battle of the giants.

The CHAIRMAN: I thought that is what you got up to do, Mr. Johnson. I gave you the floor to question the witness.

By Mr. Johnson (*Kindersley*):

Q. The refutation made was simply one against the personal character of Mr. Milner.—A. That is not so.

The CHAIRMAN: You have the floor now to question the witness and he is speaking for the Canadian Pacific Railway.

By Mr. Bryce:

Q. Would Mr. Sinclair tell us what his position is in the Canadian Pacific Railway?—A. You ask what my position is? I will tell you a little bit about my background. I come from a farm in your constituency, Mr. Bryce.

Q. I mean what is your position with the Canadian Pacific Railway and how many years of rail-roading have you had?—A. I have been with the Canadian Pacific Railway since 1942.

The CHAIRMAN: May I ask that when you ask a question you kindly allow the witness to answer it and kindly refrain from interjecting any other questions until the answer is finished.

The WITNESS: I entered the services of the Canadian Pacific Railway in 1942 at Winnipeg. My present position is that of general solicitor of the company.

By Mr. Bryce:

Q. Would you tell me how many years of rail-roading you have behind you? Have you been a lawyer all your time?—A. No, Mr. Bryce, I have not been a lawyer all my time. I worked on a farm in the inter-lake district of Manitoba for a good many years.

Q. Then I should be able to get some boxcars then!

The CHAIRMAN: Now, Mr. Smith.

By Mr. Smith (Battle-River-Camrose):

Q. I would like to ask this question of Mr. Sinclair or Mr. Emerson. Is it true that Mr. Sinclair pointed out that the Canadian Wheat Board determines the percentage of the 1955-6 crop year that would be moved off on Canadian Pacific lines?—A. I say that they should!

Q. Did you not say that they did?—A. He said it was about 55 per cent.

Q. What percentage is your company expected to move this year?

The CHAIRMAN: Mr. Emerson will answer that question.

Mr. R. A. Emerson, Vice-President, Operations and maintenance, Canadian Pacific Railway, re-called:

Mr. EMERSON: I cannot answer that question directly because that information has never been supplied to us by the Wheat Board in that way. If they have the figures, they keep them unto themselves, and all I can give you is the numerous exchange of documents, and say that periodically the Canadian Wheat Board issues a statement of what they call their transportation requirements. I have a number of them here if you will allow me to comment on them—for different periods; one beginning March 15, I think it was, to May 31; another beginning December 15 to March 15. Generally speaking, in these documents the Wheat Board have made it 60 per cent Canadian Pacific and 40 per cent Canadian National Railways.

By Mr. Smith (Battle-River Camrose):

Q. The Canadian Pacific Railway was expected this year to bring in in the neighbourhood of 60 per cent of the grain?—A. You mean the Canadian Pacific Railway?

Q. 60 per cent of the grain?—A. I return to this point: I will give you the quota with it if you wish; here is a statement entitled "transportation requirements for western Canada grain March 1 to May 31 1956," but remember that it is not for the whole crop year.

Q. That is for the critical period, however?—A. Yes, it is for the critical period, and I will give you the quote down here; "distribution by railway outlined above has been made on the basis of 40 per cent of the total movement being undertaken by the Canadian National Railways, and 60 per cent of the total movement by the Canadian Pacific Railway Company."

Q. I would like to ask Mr. Emerson this question: in view of the fact that they had less boxcars in the west during the months of March, April and May, and in view of the fact that they moved about 53 per cent of the grain from the west—A. For the whole year.

Q. How would you ever expect to catch up during this critical period if you did not move in more boxcars when asked to do so?—A. All we had to do was to get the utilization of our cars and the unloading of our cars. We would be prepared to supply whatever cars were required to move our share of the crop except for one thing, the terminal unloading.

Q. You were insisting this year on a 2.5 unloading basis or some other figure which was changed this year from what it was in the corresponding period last year.—A. No, there was no change in that respect. We got additional boxcars out. You can go back and you will find proof of that statement set forth clearly, that if they wanted more loadings from us, they would have to unload our cars, and I think that was a reasonable position to take.

Q. There is a lot of confusion in my mind at the present time, but is it not true that the Canadian Pacific did have fewer cars in the west on March 1st this year than it had on March 1st 1955?—A. Just a second and I will try to give that to you.

Q. Could we have it for March, April and May?—A. I do not know if I can go back that far.

Q. Well, whatever the figure is.—A. I have a good deal of data here.

Mr. NICHOLSON: Mr. Chairman, on a point of order, before Mr. Emerson replies to Mr. Smith's question, I understood from Mr. Sinclair that Mr. Emerson wished to make a statement before we started our questioning of him, and I wonder if he would care to make his statement at this time or after he finishes answering Mr. Smith.

Mr. SMITH (*Battle River-Camrose*): If Mr. Emerson would rather make his statement before answering, it is all right with me.

The CHAIRMAN: The information he intends to give might come out in the questioning.

The WITNESS: I am sorry but I do not have it for the west; I thought I did—or for past years.

Mr. SINCLAIR: We will look it up and send it to the chairman.

Mr. SMITH (*Battle River-Camrose*): I am interested only in the cars available for the movement of grain in the west, not in the Canadian Pacific's overall picture.

Mr. SINCLAIR: I will give you the number of cars in March, April, and May of 1956.

Mr. SMITH (*Battle River-Camrose*): And 1955?

The WITNESS: When you get the information it must necessarily be in terms of total boxcars, because boxcars do not have it painted on them necessarily that this car is to be used for grain, while this other car is to be used for other commodities. I will give you the total boxcars and that is all.

The CHAIRMAN: Are there any more questions?

Mr. NICHOLSON: Mr. Chairman, I thought that Mr. Emerson might be permitted to make his statement at this time.

The CHAIRMAN: Mr. Emerson says that he has no preference as to when he makes a statement, and that it is in the hands of the committee.

The WITNESS: Perhaps it would shorten the questioning if I made my statement now.

The CHAIRMAN: Very well, kindly proceed.

The WITNESS: One item occurred to me in listening to Mr. Milner this afternoon and it was this: he stated that this was a new idea, that this was something he had not heard of and did not know whether it would work or not. I might say that I tried to discuss this question with Mr. Milner in Winnipeg on March 21, almost at the beginning of the critical period, if you like; and I may say that he cut me off short in the conversation with a demand. He reiterated to us his demand and insistence that the whole trouble in the picture was that the Canadian Pacific should get more boxcars into western Canada and that we should get the return of our cars from United States lines.

The difficulty was that Mr. Milner was a grain man himself, and not a transportation man and he was trying to tell the Canadian Pacific how to run its transportation business. I want to say that I take pride in the statement that the Canadian Pacific has handled more grain in western Canada than any other organization. I suggest that to you. We know something about transportation and we know something about grain; but Mr. Milner, unfortunately, would not listen. Mr. Milner said this was a new idea and one which he could not understand. Mr. Milner is a grain man and he, or any farmer, should understand this analogy: if you have two bins of grain, one which has 60 per cent of the grain and another which has 40 per cent of the grain, and you are going to unload them, at the same time and at the same rate, you have to take 60 per cent from the large bin and 40 per cent from the small bin.

Mr. JOHNSON (*Kindersley*): But the C.P.R. does not know.

The WITNESS: I am sorry.

The CHAIRMAN: Let the witness continue.

The WITNESS: There are two other pieces of correspondence which I would like to give you; one has to do with the exchanges between Mr. Milner and Mr. Crump. Here are the exchanges. This is a telegram dated December 20, addressed to Mr. Crump, president, Canadian Pacific Railway:

Loadings your road entirely inadequate meet export requirements Vancouver. Total grain loadings Friday, Saturday and Monday to all destinations only five hundred six cars grain and only two hundred thirty-two to Vancouver, Chester says cannot improve loadings this week.

I should interject here to say that Mr. Chester is our superintendent of transportation at Winnipeg.

We have boats now on demurrage Vancouver. This is the worst let down have seen in four years. Someone should get busy. Milner.

That was dated December 20, 1955. The reply, of which I have a copy, was dated December 20, 1955, addressed to R. W. Milner, transport controller, Winnipeg:

Your wire date re grain movement Vancouver. I was surprised to receive this telegram and particularly at the tone in which it was couched as I consider it completely unwarranted. You will recall speaking to me on telephone at 12.15 p.m. December 1 at which time you said you would require 150 cars a day via our line to Vancouver and since the first of month we have loaded daily average of 152 cars and this in the face of the worst winter weather experienced on the prairie in the past thirty-five years. Also do not understand your

reference to boats on demurrage with 7,800,000 bushels in elevators at the present time on Pacific coast and 541 cars of grain under load at that terminal on our line this morning. In addition we have 673 cars in transit. Under circumstances I consider our western organization has made a very creditable showing indeed. N. R. Crump.

There is another piece of correspondence.

By Mr. Quelch:

Q. Was the type of grain in the elevators at that time the type which the ships wanted?—A. That may have been the cause of the difficulty; but, again, that was not a transportation problem; that was necessarily in the hands of the grain trade, because the railway has nothing to do with grades of grain. I am going to read you this letter because it deals particularly with the question which Mr. Tucker has raised, which I think perhaps is in the minds of some of the rest of you, having to do with the rate of unloadings over Canadian National cars as compared to Canadian Pacific cars or—let me put it another way—the number of days delay awaiting unloading of Canadian National cars as compared to Canadian Pacific cars.

This letter is dated May 14, 1956, addressed to C. E. Lister, vice-president, Winnipeg:

In connection with the movement of grain in western Canada, following is the C.P.R. proportion of the total cars of grain loaded during each crop year ending July 31:

1950	54.2 per cent
1951	52.6 per cent
1952	52.8 per cent
1953	51.7 per cent
1954	54.8 per cent
1955	55.8 per cent
Average	53.5 per cent

For the present crop year, our proportion to date is running at 51.3 per cent, which is below that of any year listed and more than 2 per cent below the average of the past six years. Speaking in the House of Commons on May 7, the Minister of Transport said that, '...in contrast to last year the total number of cars moved up to the 3rd of May was only 6,103 less than the corresponding period of last year and that there was an actual increase of some 2,371 cars loaded by Canadian National Railways.' The corollary to the foregoing is that in contrast to an increase of 2,371 cars loaded by C.N.R., there was a decrease of 8,474 cars loaded by Canadian Pacific. I might say that these figures are not in agreement with our records, which show that for the crop year up to May 3, 1956, C.P.R. loadings decreased by 6,666 in comparison with the previous year, C.N.R. loadings increased by 4,417, with the result that total loadings decreased by 2,249. In any event, the result is the same, i.e., that C.N.R. loadings have shown an increase while our loadings have decreased.

This situation has some unpleasant implications in the political forum in which the movement of grain in western Canada is being aired. The transport controller has been repeatedly advised that if increased loadings of grain are desired at C.P.R. points, there must be a corresponding increase in the unloading of our cars at the terminals, or, in other words, if we are to load, say, 54 per cent of the total crop, we must receive 54 per cent of the total unloadings. In your dealings with Mr. Milner, this fact should be kept constantly before him. You will appreciate that my concern is not with the share of the grain

traffic which we are handling per se and I can see no merit in our entering into a competition with the Canadian National Railways to see who can maintain the largest number of cars under load at the terminals. So long as we have a sufficient number of cars to meet current unloadings, we will be fulfilling our transportation obligations and anything beyond that measure would entail the wasteful use of equipment.

The question arises as to what the transport controller can do in a practical sense to increase our share of the unloadings. If, for example, a lakehead elevator, switched by the Canadian National, requires 200 cars to unload on a particular day and the C.N. have that number of their own cars available, how can they be required to place our cars in preference? You might consider this matter with Messrs. Chester and Wood and in due course let me have an expression of your views.

Yours truly,
Vice-President,
Operation and Maintenance

Myself, with a footnote to Mr. Manson, who got a copy of the letter—Mr. Manson being our vice-president, Vancouver saying:

Please note the desirability of maintaining continuing pressure for an increased share of unloadings. Kindly advise what the situation is at the Pacific coast in respect of securing the unloading of our cars at elevators switched by the Canadian National.

A copy of that letter went to Mr. Taylor.

Now, I have just one more piece of information.

Right Hon. Mr. GARDINER: What is the date of the letter?

The WITNESS: The date of the letter?

Mr. TUCKER: May 14th.

By Mr. Smith (Battle River-Camrose):

Q. That deals with Vancouver, does it not?—A. No. It would deal with Mr. Lister who would be dealing with the lakehead, and Mr. Manson would have to deal with the situation in Vancouver, so it really dealt with both of them.

And now, here is my morning situation report for western Canada, giving the situation as of midnight last night. At the Pacific coast: grain unloaded at Vancouver, there were 168 C.P. cars and 139 C.N. cars. Canadian Pacific had on hand in Vancouver and Coquitlam 626 cars. We have in transit a total of 1,022 cars making a total under load of 1,648 cars. You understand that the cars in transit are moving between the country loading and the terminal at Vancouver. Looking at the lakehead situation: the grain unloaded at Fort William yesterday—Canadian Pacific hauled grain: 450 cars; grain unloaded—Fort William—C.N. hauled grain: 601 cars; grain held C.P. tracks to unload: 1,593; grain held C.N. tracks to unload: 1,838; grain in transit to Fort William C.P.: 2,381; grain in transit to Fort William C.N.: 2,173.

By Mr. Nicholson:

Q. You do not give the transit figures for Vancouver for the C.N.?—A. I am sorry, I do not get that figure, Mr. Nicholson.

Now, the situation at the lakehead is—yesterday, incidentally, Canadian Pacific loaded on its lines in western Canada 1,110 cars of grain, and we unloaded at Fort William, as I gave you, 450 cars. Obviously this situation

can only go on so long. If our cars at the lakehead are not unloaded faster, and if the unloadings are not stepped up, obviously I must take action to cut off the loading.

Now, gentlemen, that is the situation.

The CHAIRMAN: Any questions?

By Mr. Tucker:

Q. Yes, I have some questions. You asked a question of Mr. Lister that if cars belonging to the C.P.R. were on the C.N.R. switching basis, how they could be diverted so that the C.P.R. cars could be unloaded or something to that effect—that if the cars that belonged to the C.N.R. were due to be unloaded, how they could be switched so that C.P.R. cars could be unloaded.—A. I do not think that was quite the point, Mr. Tucker. What I asked really was what the transport controller could do to speed up the unloading of our cars in preference to C.N.R. cars, if you like, to give us our proper share of unloadings.

Q. You say in your letter that if cars belonging to C.N.R. were due to be switched and unloaded, how it could be arranged that C.P.R. cars could be substituted. That was in your letter that you read.—A. Yes. I will read the letter, if I might, and then we will be clear on it.

The question arises as to what the transport controller can do in a practical sense to increase our share of the unloadings. If, for example, a lakehead elevator, switched by the Canadian National, requires 200 cars to unload on a particular day and the C.N. have that number of their own cars available, how can they be required to place our cars in preference?

That was the question.

Q. Yes.—A. Yes.

Q. Now, you asked the question of Mr. Lister, but you did not indicate whether he gave you an answer.—A. Yes, I got an answer from him. There was quite an exchange of correspondence. But, I think at this time it would shorten the proceedings, and give it more clearly if I asked Mr. Wood to answer your question. Would that be agreeable to you? He is the man in charge there.

Q. Yes, but I would like to know if you got an answer.—A. Yes, we got an answer.

Mr. WOOD: Mr. Chairman, at the time that that question was brought up we had, as has been—

Mr. NICHOLSON: Speak a little louder please.

Mr. WOOD: We had, as has been mentioned before, a large number of cars on hand at the lakehead for the various elevators, and a large number for the Saskatchewan pool. We wanted to get more cars into pool seven which was located on the C.N.R. tracks. The matter was taken up with the Canadian National offices at Port Arthur, or their headquarters at Fort William, with the terminal superintendent, and all we could get was the fact that: "We have cars to unload, and when we have room for yours we will put them out".

Mr. TUCKER: You were not surprised to get that answer, were you? If the C.N.R. had actually loaded cars and had them there they would want to have them unloaded.

The WITNESS: The point, Mr. Tucker, if I may say so, is that that is where the transport controller should have taken action.

By Mr. Tucker:

Q. Your suggestion is that they should have departed from what I understand was the custom of unloading on the basis of the ratio of cars under load on both lines? That has been the basis upon which unloadings have taken place pretty well up until this spring?—A. That has been the rule of thumb which has operated. I say it is an erroneous rule; I say it is a wrong rule, and we tried to point that fact out to the transport controller and could not get it recognized.

Q. That is what I understand has been the rule that has been more or less tacitly accepted as the basis upon which cars have been unloaded; that is correct, is it not?—A. When you say "accepted" I am not quite sure about its acceptance in so far as the Canadian Pacific is concerned. That is the rule that has been in effect.

Q. That has been in effect right along, and you people begin to raise the question that the loadings should not be on this basis of cars under load on the two systems?—A. You mean the unloading, sir?

Q. Yes, that they should not be on that basis, but they should be on the basis of the amount of grain that should be moved out of the respective parts of western Canada?—A. Right.

Q. As I understand it Mr. Milner's argument was that you raised that suggestion to him for the first time on April 10 this year. Is that correct?—A. I am sorry, I do not think that is correct. I think that by reference to the communications which have been placed on the record you will find that that is not so. He said we may have mentioned it to him verbally before that. I do not know if it was put in just that way. Transportation-wise I say it is so obvious that to us it is an elementary principle. Again, Mr. Milner recognized this—that it is a pipe line and that you can only take out of it at one end what you put in at the other. I say it is as elementary to him as the example I gave with respect to bins. Surely it would not be our responsibility, I hope, to oversee the whole handling of grain in western Canada.

Q. What I do not understand is that apparently the railroads have gone along on this basis year after year and then suddenly in the middle of this particular shipping season you conceive the idea that regardless of the number of box cars unloading on the two systems even though you only have 40 per cent and the Canadian National has 60 per cent you are entitled to be unloaded on the basis of 55-45. I can understand Mr. Milner being surprised by this proposal to alter a rule which has been accepted as the basis on which you have operated over the years, especially in the middle of this particularly difficult shipping season.—A. The change in the situation this year was brought about by the fact that, as Mr. Milner put it, Mr. Gordon "flooded the west with box cars". I am not here to say that that is what he did or not, but the C.N.R. certainly increased their loadings and that naturally resulted in a different supply, as compared with the past, when they went down to the terminals. Let me put it in another way: the fact that their loadings had been increased resulted in more cars on hand at the terminals and as long as that applied it affected the percentages and put the thing out of balance.

Q. You then had the idea that cars should be unloaded on a different basis; you brought that up with Mr. Milner and you were informed they could do nothing about it. That is your complaint as I understand it.—A. We were unable to have anything done about it. For example, I can give you these figures.

The situation went along reasonably well up until January, 1956. There was some imbalance as I pointed out earlier in that statement contained in my submission, but in January, 1956 C.N.R. increased their grain loadings from 5,928 to 9,801 car loads. During the month of February that went up from 1,937 to 8,584. During March it rose from 5,080 to 7,418; during April

from 8,196 to 14,563; during May from 12,215 to 15,796 and in the month of June from 10,001 to 14,805. I will give you the Canadian Pacific loadings for the same period in the crop year 1954-1955, which means that in January, 1955 C.P. loaded 11,265 cars. This year they loaded 10,965 cars, slightly below the number in the previous years but ahead of the Canadian National by about 1,000 cars. In February last year they loaded 5,157, and 8,919 this year—substantially ahead of last year and still slight ahead of the Canadian National. In March loadings increased from 7,547 to 8,358, slightly ahead of last year, and ahead of the C.N.R. by about 900 cars. In April the figure rose from 9,705 to 14,920, a substantial increase over last year and still larger than the C.N.R. In May it rose from 16,920 to 19,693, an increase of some 2,700 cars and about 4,000 cars ahead of the C.N.R. In June it rose from 16,500 to 17,296, an increase of 700 over last year and a difference of about 2,400 cars as compared with the C.N.R.

Q. I hope you will agree that this so-called rule of thumb, in view of the length of time that each car was left at the terminals before being unloaded—it was practically the same length of time, 6.2 days compared with 6 days over the whole period—was applied on an equitable basis with regard to both railways?—A. On that basis—but, again, I say that that basis—

Q. When the C.N.R. entered the picture in the way that has been described, namely that they tried to meet the situation created by the demand for box cars by “flooding the west with box cars” and loading their cars up, do you think that if the transport controller had said: well it does not matter, we are going to unload C.P.R. cars faster than we will unload the C.N.R. cars although up to now we have followed the other rule, from now on we are going to ignore that and say that regardless of the number of cars on the track we are going to load on the basis of, say, 55-45, that would not have meant that the C.N.R. cars would have been left unloaded on an average two or three days longer than the C.P.R. cars?—A. The result of that would have been that the C.N.R. cars would have been under load a longer time if the Canadian National had not taken action to shut off their loadings. After all, the Canadian National had a pipe line too. They were presumably watching the relationship between loadings and unloadings, and as a matter of fact I have prepared a chart which shows that the relationship between loadings and unloadings on both roads was quite close. I think ours were better, if I may say so, more closely controlled, more accurately controlled. But, even on the Canadian National there was a relationship between loadings and unloadings from time to time. Actually what happened was the Canadian National perhaps unwittingly put all its cars in the west and sent them down to the lakehead which crowded up the C.P.R. cars.

Q. And do you think they should have been told that: “Although you supplied the extra box cars taking grain off the farmers and doing so faster than otherwise would have been the case, we won’t take grain off you, we will take it from the C.P.R. on the basis of 55-45”. Now, is that what you just said?—A. I say the grain which was unloaded at the lakehead moved from Canadian National points in preference to Canadian Pacific points. That is the whole reason why we are here today because there was more grain taken relatively from the Canadian National points than the Canadian Pacific points and the farmers on the Canadian Pacific points are in a much poorer position.

Q. And you think the transport controller should have stepped in there and told the Canadian National that they had to keep their cars on the track in order to meet this proposed basis of unloading 55-45 or something of the sort?—A. I say there are three organizations who could have brought that about. One would have been the transport controller in relation to the unloadings. Another would have been the terminal elevator operators, who

could take Canadian Pacific cars in relation to Canadian National cars relative to the size of the crop tributary to the different lines and one other organization that could have taken action on it was the Wheat Board by placing shipping orders on Canadian Pacific lines in relation to the amount of crop to be moved and on Canadian National lines in relation to the amount of crop that was to move. There are three organizations that could have taken action.

Q. I am trying to understand what you are saying. In other words, they are to try to cooperate so the C.P.R. will get along with less box cars than the Canadian National was willing to provide?—A. No, that is not quite the point, Mr. Tucker. I am saying to you that one or all—and I cannot tell you which one (this is in the marketing field, it is outside of my sphere)—one or all of these organizations could have taken action which would have avoided the imbalance in the situation that developed; in other words, to go back to the lakes they would have been drained more evenly.

By Mr. Johnson (Kindersley):

Q. I would like to clear up one point. You mentioned the Canadian Wheat Board could look at the shipping orders between the Canadian National and Canadian Pacific which would have clarified the situation?—A. Yes.

Q. How do you explain the situation that as at July 6 there were outstanding orders for 12,000 cars on the Canadian National and on the Canadian Pacific about 23,354?—A. That is very easy. I think the fact of the matter is that the Canadian Wheat Board, if I might say so, have put out orders with a steam-shovel. Mr. Milner has told you there were 38,000 orders out today all over the country.

Now, you see the point is that by following that practice they forced upon the railways and upon the Canadian Pacific Railway in particular, the control of loadings in relation to unloadings. If they had done it in what I suggest is the proper way and what was suggested here in cross-examination earlier so as to arrange their loadings in relation only to what could be handled promptly at the elevators, the situation would never have arisen.

Q. Have you ever been short of shipping orders on a Canadian Pacific Railway point?—A. The answer to that is definitely yes.

Q. How many points?—A. Well now, you are getting into details.

Q. Well, I want to know that detail because it ties in pretty closely to the accusation you have made that the Wheat Board have been unfair in allocating the shipping orders?—A. I did not say the Wheat Board was unfair. I said they could have controlled the situation but failed to do so.

By Mr. Quelch:

Q. Mr. Chairman, exception has been taken to Mr. Milner's statement that the C.P.R. failed to cooperate during a certain period of time but is it not a fact that on the basis of the practice that has been carried on in the past and the method of unloading cars you did refuse to continue to cooperate on that basis by putting additional cars into the field unless Mr. Milner was willing to agree to your new proposal? It seems to me he was perfectly justified in saying you had refused to cooperate. I am not saying the proposal you are making is a good one or a bad one but I am saying that you refused to cooperate on the basis of the practice that has been carried on in the past of supplying additional box cars in the same way that the Canadian National did?—A. No, I cannot accept that, Mr. Quelch. I would say that the responsibility of Canadian Pacific was to move grain and to have grain at the lakehead and at Vancouver for unloading at all times. That we were prepared to do. Now, the difficulty arose when Mr. Milner got into the detail of telling us how we should do it because while he is named transport controller, as he

told you today he is not a transportation man, he is a grain man and he started to tell us how we should do it and how many box cars we should have in the west. I think we knew that better than he did.

Q. Was he not asking you to continue at the rate you had done in the past? I understood that had been the practice in the past?—A. There was no suggestion of that. We were continually impressing upon him the question of the unloadings. Another factor that has entered into the picture this year, as we all know there has been a marked increase in economic activity throughout Canada all through the year 1956. That has meant increased loadings, increased movement of traffic, increased carloading I gave you the figures here yesterday. All of which means increasing pressure on Canadian Pacific to keep cars rolling which we did. We got better utilization out of them. We did all kinds of things. We lost other traffic but there was no shortage of cars for moving grain. Grain movement was in no way restricted by this upsurge.

By Mr. Smith (Battle River-Camrose):

Q. But you did cut down the number of cars available in the west, did you not?—A. As compared to what, Mr. Smith?

Q. As compared to last year.—A. I do not know, I have not checked it but I say it is inconsequential.

Q. That is an argument I cannot follow.—A. Well, Mr. Smith, if you cut down the cars in the west you are looking at the cars in relation to total traffic. Now, I say go back to this that we always had cars under load with grain, awaiting unloading, always had a supply of cars moving in. Our pipe line was full.

By Mr. Leboe:

Q. There is a question I would like to have cleared up. As I understood from Mr. Milner's statement this was a new idea and you went back from April 10, I believe, to December 20, 1955, but I was considering the practice over the years. Will you go back ten years if necessary if that is within the realm of figures? Anyway let us go back over a period of years. Is not this a new innovation within the last say, twelve months, this practice of considering it as a pipe line?—A. Oh, no.

Q. Can you say Mr. Milner was aware of this three years ago?—A. Frankly I cannot say what Mr. Milner was aware of, I am sorry.

Q. But he said the established practice was up until very recently that the unloadings would be 50-50 according to the number of cars, I mean evened up according to the number of cars that were at the lakehead. Now, as I understood it that has been the practice over the years and the rest of the thing is clear and the only thing I am interested in is one point and that is this: was this, shall we say, a change of policy which now you were going to try to drive home to the controller or get across to him that this policy was not good railroading and therefore it had to be changed? You tried to persuade him to change it and then, let us say, to use the common bush expression he was bullheaded and did not want to follow along with your idea? Therefore, you put yourself in the position where you were going to railroad irrespective of what his idea was. That is a long statement, I know, but I am interested in the time when this change took place?—A. I do not know that I can pin a time down. You see really the basic principle is what you put in at the inlet as grain you will take out at the outlet as grain. It is so simple, so clear, so fundamental that it does not need any explanation. It is obvious, it is self-evident.

By Mr. Quelch:

Q. This is the first year you have emphasized that apparently?—A. Well, the situation previously, and I have not gone back in the record in the past years, the situation might have been in past years that the loadings were worked out approximately. It worked out approximately in past years. Certainly if you look over the whole crop year it stands to reason that the percentage of loadings and the percentage of unloadings which each road receives must not be more than a percentage point or two apart and I am taking that now over the whole crop year from the beginning to the end of the year because the only way you can arrive at a different result would be to have a tremendous number of cars under load either at the beginning or end of the new crop year, 1955-1956. We were having to follow it with increasing pressure and traffic and try to come more closely to it. I think Mr. Sinclair has one point to add on the question of law.

Mr. SINCLAIR: There is one thing and some of the people who know a lot about the history of western Canada will remember it. It is the question of Goose lake. Back in 1916 there was a lot of trouble about the movement of grain and the Canadian Northern was unable to get the grain there and the matter came before the Board of Transport Commissioners under the Railway Act which deals with grain whereby the Board of Transport Commissioners can take special action in regard to it and the finding in that case was that they recognized this principle of one empty car for each loaded car. The Grand Trunk was ordered to use all its available cars and locomotives to take the grain from the elevators to eastern Canada and it was ordered to return to Canadian Northern one empty car for each car loaded with grain from the Goose lake area which it received at the interchange point. This was to ensure that the supply of cars in the Goose lake area would not become depleted. That is away back in 1916, a recognition of that absolute principle that you have to supply an empty car for every loaded one that you are going to put on the line. That is in 21 C.R.C. 28.

Mr. JOHNSON (*Kindersley*): Mr. Chairman, it is quite obvious we cannot finish tonight so I would move we adjourn.

The CHAIRMAN: I think, Mr. Johnson, you meant before six o'clock—

Mr. JOHNSON (*Kindersley*): Well, even before six o'clock and then some.

The CHAIRMAN: I would hope we could come back in the morning and finish. We will have to adjourn and meet tomorrow morning.

By Mr. Dinsdale:

Q. I am interested in Mr. Milner's statement that has been repeated a few moments ago that the Canadian National Railways flooded the west with box cars. Now, Mr. Emerson, will you have an explanation as to why that was at this particular time?—A. I am sorry but I cannot give you that, because it is within the operating orbit of the Canadian National Railways again, and that is their backyard and I have enough things to look after of my own.

Q. Is it based on past experience or on a direct order? This year the quotas from Canadian Pacific points were low.—A. Yes.

Q. Is that a common pattern down through recent years of congestion, or does it alternate between the Canadian Pacific and Canadian National Railway lines?—A. I am sorry but I cannot answer that; there would probably be many members here who could give you better information on it than I can.

Q. There was never a time when quotas on the Canadian National Railway lines were lower than on Canadian Pacific lines?—A. I am sorry, but I cannot answer that question.

The CHAIRMAN: Gentlemen, a difficulty arises. These people as you can see all have great responsibility in their own organization and they have been here since the beginning of the week, since Tuesday, and they are naturally most anxious and almost forced to get back to their duties. So I wondered if we could try to complete the major part of the hearing at least so as to allow most of them to return to their duties today. We still have twenty minutes left before six o'clock, and possibly we might make an effort to complete the major part of the questioning today.

Mr. QUELCH: And go on to the question of allocation tomorrow?

The CHAIRMAN: Maybe we could keep Mr. Samwell here because this is a highly technical matter. Tomorrow Mr. Samwell could answer the questions and we would not need all the other officials. If we deal with most of the points, I think they could be disposed of easily before six o'clock, if that is agreeable to the company. Let us have their reaction!

Mr. SINCLAIR: I recognize the position that you are in. I know that members of the house have worked pretty hard in the last six or seven months—very hard—and that they do not like to work at night when they do not have to. But as an alternative could we not clean up the whole thing by coming back here tonight, and if there were any outstanding questions which the members had they might file them with you and we will answer them in writing just as soon as we can, and that would enable everybody, as far as we are concerned, to go back to his job, because we have been here quite a while and we certainly have other duties. So if you would be good enough to do that for us we would appreciate it very, very much!

Mr. SMITH (*Battle River-Camrose*): Mr. Chairman, I move that we adjourn until 8 o'clock tonight.

Mr. McCULLOUGH: There will be quite a number of members who will be absent who have made other arrangements, Mr. Chairman.

The CHAIRMAN: That is the difficulty.

Mr. McCULLOUGH: I think it would be unfortunate, but I am willing to continue, speaking for myself.

The CHAIRMAN: I think your point is well taken. We are actually wasting very valuable time at the moment in arguing about this matter. The difficulty is that this is the last free evening for the members. Let us be frank about it—until the end of the session, we work every night except Wednesday night. Many members must have commitments and they will not appear, and that is it. As Chairman, I can foresee possibly some difficulty in getting the committee together at eight o'clock. It may be a wasted effort. So why not attempt to close at six o'clock, and if there are any questions overlapping, the witnesses can send the answers in and I can supply them to the committee afterwards. Is that agreeable?

Agreed.

We may overlap six o'clock somewhat if need be.

Mr. McCULLOUGH: Mr. Chairman?

The CHAIRMAN: How many of you would like to hear Mr. Samwell's statement now? It is a short one? Let us hear his statement and then have the questioning.

I call Mr. C. P. Samwell, supervisor of transportation, Moose Jaw. He has a statement to make to the committee on allocation.

Mr. C. P. Samwell, Supervisor of Transportation, Canadian Pacific Railways, Moose Jaw, called:

Mr. SINCLAIR: We have copies of Mr. Samwell's statement prepared if you will just have them distributed.

The WITNESS: Mr. Chairman and hon. members:

As supervisor of transportation, Saskatchewan district, I am the officer in control of transportation on that district. My job on the Saskatchewan district corresponds to that of Mr. Taylor on the system. My headquarters are at Moose Jaw, and I report to the general superintendent, who is the operating officer in charge of the district.

The Saskatchewan district of Canadian Pacific extends from Bredenbury, Neudorf, Broadview, Arcola and Estevan in the east, to Lloydminster, Hardisty, Kerrobert, Swift Current and Shaunavon in the west. All told, it comprises some 3,614 miles of railroad in the largest grain producing area in western Canada. This, it might be said, is the largest intake to the grain pipelines of Canadian Pacific which Mr. Emerson has described.

The Saskatchewan district is divided into three divisions with headquarters at Regina, Moose Jaw and Saskatoon respectively. Each division is in charge of a superintendent who has a chief dispatcher as his principal transportation officer. The handling of transportation is interlocked with railway operations through the division, district and regional levels, centering at system headquarters, on the general superintendent of transportation and the vice-president, operation and maintenance.

Mr. Emerson has explained the various operating reports and the use made of them. Similar reports covering Saskatchewan district operations are received by me, as well as a report showing the situation at the principal terminals in western Canada.

Each day that the general superintendent and I are both in the office, we review and discuss these reports together. Similarly, daily conferences are held between the chief dispatchers and superintendents. I have many telephone conversations each day with the respective chief dispatchers to discuss transportation matters.

Transportation officers are primarily concerned with the movement of traffic and the distribution of equipment. In Saskatchewan, the transportation of grain, because of its large volume, is of very great importance and occupies a great deal of my time.

Apart from certain interior elevators and mills, there are no grain terminals on the Saskatchewan district, but the necessity for maintaining a supply of grain for unloading at the lakehead and Vancouver is fully recognized. This must be done, bearing in mind the responsibility of the railway to move other traffic as well. To achieve these objectives in an efficient manner, the best possible utilization of equipment must be secured. Holding of cars under load at destinations beyond a reasonable time is a serious matter as it impairs the utilization of equipment and directly affects our ability to move traffic in volume. The chief dispatchers and I are constantly making assessments of car requirements. The distribution of equipment to meet these requirements is a job which needs a good knowledge of the railway and of the difficulties that arise if traffic is not kept flowing evenly and smoothly.

As your committee knows, the Wheat Board fixes marketing quotas for all grain producers in western Canada. These quotas are tied in to shipping points and, in this way, the quota for each grain shipping point is fixed by the Wheat Board and increased from time to time by that Board.

Box car distribution for the handling of grain is based on these marketing quotas. However, as your committee also knows, grain cannot be shipped in western Canada without a Wheat Board shipping order. The Wheat Board

issues these orders from time to time to the various elevator companies. The Wheat Board decides how many shipping orders each elevator company is to receive. Each elevator company decides what distribution is to be made of these orders as between their country shipping points. If, in spite of the marketing quota set by the Wheat Board and marketings made within that quota, there is no shipping order at a country point, grain cannot be moved from that point.

While we have had some cases where grain could not be moved because of lack of shipping orders, generally speaking, this does not present a problem at the present time because the Wheat Board has issued sufficient shipping orders to blanket the country. These shipping orders are, however, made subject to overriding preference and priorities through the issuance of special orders, prohibitions and directions for out-of-order shipments. I will discuss these later.

The Wheat Board has its main office in Winnipeg and a branch office in Calgary. Shipping orders, prohibitions, and the other special orders that I have referred to are issued by both the Winnipeg office and the Calgary office. Those issued by Winnipeg cover shipping points in Manitoba and Saskatchewan, while those issued by Calgary cover shipping points in Alberta.

From time to time the Wheat Board issues to the elevator companies prohibitions against the shipment of particular kinds and grades of grain. Within the marketing quotas, priorities and preferences are frequently specified by the Wheat Board. The directions issued by the Wheat Board to the railways are that low quota shipping points are to be given preference over higher quota shipping points. However, out-of-order shipments take precedence over all other shipping instructions issued by the Wheat Board.

The amount of grain shipped from any particular shipping point is materially affected by prohibitions, preferences and out-of-order shipments previously described. The supply of cars for out-of-order shipments and preferences puts the shipping points which receive them in a better position, with the result that their quotas are increased more rapidly and to a higher level than those in effect at shipping points to which such orders do not apply.

I might say that an out-of-order authorization is the direction to supply a car, or a certain number of cars, to any one elevator or to any one point for a specific reason. During certain parts of the year it covers mill orders. They will make a blanket instruction to go after mill orders out of order. In other words, we are then supposed to find out where all our mill orders are and to supply cars at those points irrespective of the quota in effect at those points. These instructions are issued by the Canadian Wheat Board and we have no alternative but to supply the cars.

Each week the Wheat Board at Winnipeg prepares statements which include data showing elevator space available, stocks of grain on hand, car requirements and existing quotas for each shipping point in Western Canada. Car requirements are stated as the number required for authorized deliveries under the existing quota as well as the number required for subsequent quotas. These statements show the situation as it exists each Friday, but they are not received until eight days later. This delay makes it necessary to deduct from the figures of car requirements shown on the statements, the number of cars loaded in the interval to determine the current situation. Corresponding statements are received by the chief dispatchers covering their respective divisions, and they have to bring their statements up to date also. I know of no other commodity handled by Canadian Pacific which entails such a mass of paper work as grain.

The allocation of cars between elevators at shipping points is made in accordance with the instructions to Canadian Pacific from the Wheat Board. These instructions are that cars are to be allocated in proportion to the shipping

orders held by the elevators at the shipping point at the time cars are being placed. For example, at a shipping point with two elevators, where one elevator had shipping orders for ten cars and the other elevator had shipping orders for five cars, the elevator with the ten shipping orders would get two-thirds of the available cars and the other one-third. The local elevator agents inform the local Canadian Pacific agent of the number of shipping orders they hold. In this way the railway agent is able to allocate the cars in accordance with the instructions of the Wheat Board. From time to time, through the chief dispatchers, I check to see that the agents in Saskatchewan district are complying with these instructions.

It will, of course, be clear to your committee that out-of-order shipments upset the application of these allocation instructions of the Wheat Board. It is, therefore, not uncommon for the Wheat Board to direct cars into an elevator for out-of-order shipments, even though that elevator is not carrying as much grain in store as another elevator at the same point or holding as many shipping orders.

Thank you.

Mr. SINCLAIR: Now, with the concurrence of your chairman and with your indulgence, I would, so as to complete the formal part that we had prepared for you, ask Mr. Thomson, Mr. D. S. Thomson, who is the senior vice-president of the company, to make a statement that he wanted to make to you in connection with the request that originated here to have us come before this committee. With your indulgence, sir?

The CHAIRMAN: Mr. Thomson.

Mr. D. S. THOMSON (*Senior Vice-President, Canadian Pacific Railway*): Mr. Chairman, honourable members of the Standing Committee on Agriculture and Colonization:

As Mr. Emerson has told you, I am senior vice-president of Canadian Pacific. I am the officer who succeeded Mr. Crump in May, 1955. I entered the service as a message boy at Angus shops, Montreal, in 1910. I have worked continuously since that time with Canadian Pacific. Twenty-one years ago I was appointed assistant superintendent. I have occupied each successive position in the operating department from assistant superintendent to the position I now occupy. That is a summary of my service.

Mr. Emerson has given you the facts concerning the job done by Canadian Pacific in the handling of grain, and my purpose only is to say that the people in Canadian Pacific who are handling the company's transportation problems, including the problem of transporting grain, are men in whom I, together with the president and the chairman, have the utmost confidence. They are men of ability and knowledge and whose diligence has been outstanding. I personally recommended Mr. Emerson for his present position. I work closely with him. He has done a first-class job and a job which I, in the light of my experience in transportation, am proud to have been associated with.

Mr. Emerson has told you that whatever other problems he had, the movement of grain did not suffer. Certain other traffic of the Company did suffer but grain did not. There was always a substantial number of cars awaiting unloading at the lakehead and at the Pacific Coast.

When Mr. Milner said that there was lack of experience in the officers responsible for transportation on Canadian Pacific, when he said they were untried personnel (both of these statements are reported at pages DD 4-5 of the transcript), he was wrong. I have worked with Mr. Milner in the prairies and I know he has had frustrating problems. Maybe all of us say things in the "heat of battle" for which we are sorry later, and it may well be that this is what happened.

Canadian Pacific has got a stake in western Canada. It has always been concerned with providing efficient transportation to that area as to all areas it serves—and at a reasonable cost. Mr. Emerson and his officers and the men all played their part this year in doing that. That is the fact. The policy that Mr. Emerson followed was one that I approved of. It was a policy that the president of Canadian Pacific approved of. It was a policy, I say to you, that was best calculated to move the most traffic most efficiently in light of the circumstances.

The frustrations of the western farmers in the light of the grain surplus and blocked elevators are completely understandable. The difficulties of Mr. Howe, the Wheat Board, Mr. Milner and all others involved are understandable. Overall, if I may express a personal opinion, I think they have done a good selling job. Certainly, I would not criticize them because I have no experience in selling grain. I do know something about transportation. I do know something about the ability of Canadian Pacific operating officers, and I will not accept any charge that the officers are inexperienced or untried or that they failed in their duties either to their country or their company.

The CHAIRMAN: Mr. Studer.

Mr. STUDER: Mr. Chairman, regarding that allocation of cars and so forth in southwestern Saskatchewan, we have had serious problems as you know. Irrespective of all the reasoning that has been given to the various elements in regard to the movement of grain, we find it most difficult in southwestern Saskatchewan to substantiate the position, where the general quota situation has been constantly lower, over such a large area, than in any other part of the three western provinces, and particularly Saskatchewan.

Now, I would assume that perhaps some of the reasoning might be that we are the furthest from the terminals, both at Churchill, Fort William and also at Vancouver. However, this has been a constant situation in the southwest. In many points, on July 7th we were still on a four-bushel quota. And I personally, farming in that area, was not in a position last Friday to deliver a bushel of grain on a four-bushel quota in my area, and that is about general in the southwest. Now, I know the quotas are established at five bushels and perhaps six bushels—

Mr. NICHOLSON: No grain at all on last year's crop?

Mr. STUDER: I have not been able to deliver, on a four-bushel quota, any grain on this year's crop—this year's deliveries. Many other points are in the same position. I know it is established that in many points there are five and six bushel quotas, and that there is a five-bushel quota at my point of Neville. That does not mean that we can deliver any grain on a five-bushel quota. How could we, when there is no room to deliver grain even on a four-bushel quota. So, I would like to have an explanation that I can pass on to my people, who think they are suffering over and above the average on account of non-deliveries compared with the rest of the province. If you could give me some information on that, I would be very pleased.

Mr. McCULLOUGH (*Moose Mountain*): How long are we going to go on?

The CHAIRMAN: We will finish—

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I think it is very unreasonable to try to carry this on. Mr. Sinclair, in giving his evidence here, said that it was unfortunate that Mr. Milner could not stay to hear the things he had to say. I might say to Mr. Sinclair and to other members, and to other witnesses here on behalf of the C.P.R., that there are quite a few things that should be examined, and questions asked directly, so we can have the answers here. I think some of us are prepared to make some statement in respect to the situation that has arisen in respect to what we have been examining.

If it is at all possible, appreciating the urgency of these people to get back to their work, I think it would be in their interest and in the interest of this committee if they could possibly see fit to stay over.

Mr. SINCLAIR: We will be here tomorrow.

Mr. NICHOLSON: I think if there are any of the officers prepared to speak now, we would be prepared to sit a little longer; but I think the statement Mr. Studer has started should wait until tomorrow. I am sure we would like to have Mr. Samwell stay, and if there are any officers that have to leave, I think we should give them an opportunity to make their statements now.

The CHAIRMAN: I do not think we could finish, even if we did have an evening sitting from 8 to 9.30. That is an hour and a half. It is 6 o'clock now. Could we make some effort to stay until 6.30 or a quarter to seven?

Mr. BRYCE: Mr. Chairman, the trouble is that some of us have made previous engagements. It is not that we do not want to cooperate with these gentlemen that have come to give us information. But, I have either got to disappoint them or disappoint my friends I promised to meet. This is the only evening I have off.

Mr. DINSDALE: Mr. Chairman, is it necessary for all the officers to remain?

Mr. QUELCH: We will be on the question of allocation of quotas chiefly now.

The CHAIRMAN: That was my original suggestion, to keep Mr. Samwell here, and maybe one of his close associates. I thought we could dispose completely of the first question and come to the second one tomorrow morning, and that would release Mr. Thomson and Mr. Emerson—

Mr. NICHOLSON: Mr. Emerson could remain—he is the vice president.

Mr. SINCLAIR: He has got to run a railway.

The CHAIRMAN: I think we could let Mr. Emerson and Mr. Thomson go.

Mr. POMMER: Why should we not let them decide who should stay?

The CHAIRMAN: The matter is not only in their hands; it depends on the wish of the committee. If there are members who wish to ask questions of Mr. Emerson and he goes they will not be able to ask their questions. The point was that we might stay for a few more minutes tonight while Mr. Emerson is here.

Mr. NICHOLSON: Then I wonder if I might ask a question of Mr. Emerson before he goes. I should like to ask whether or not at the beginning of the present crop year when everybody interested in this matter knew that there would be a problem on hand any attempt was made by the transport controller to get the C.P.R. and the C.N.R. together to look at the problem with a view to working out a solution? I think you made a good point this afternoon that the railway should not be expected to provide box cars for the storage of grain. I think that point was well made and I think that from your angle that if a competitor is provided a lot of box cars for the storage of grain that is a matter of concern. Mr. Studer and I belong to the same marketing organization. He is on the C.P.R. and I am on the C.N.R., and while we do not agree politically we want to see each other marketing a fair share of the grain we produce and if for some reason the railway company that serves him is not getting a fair break and the C.N.R. that is serving me is getting a better break that is a disturbing situation for the wheat pool organization to which we both belong. I am glad that in your comment today you used the term "terminal elevators" rather than singling out any one elevator company. Would you state whether there was any effort made at the beginning of the crop year by the transport controller to get yourselves and the C.N.R. together

to try to work out the best possible solution for moving the maximum amount of grain in the quickest time in the best interest of all the people concerned in western Canada?—A. At the beginning of the crop year not to my knowledge.

Q. Well, even at this stage with another crop year starting, would it not seem desirable for the transport controller to try to bring together the officers of each railway to try to work out a formula, that is going to be in the best interests of all. Mr. Milner said today that he could not face up to the duty as outlined by an act of parliament and it seemed to me that some person in the field of transportation should face up to that job and should try to get the railways together and work out some formula so that the situation that we had at the end of June would not exist in another year. Would your company be prepared to try to work out a formula that would be in the best interests of shippers at all points?—A. Certainly, Mr. Nicholson, we would be quite prepared to meet. I can tell you right now the formula and it is a very simple one. If 55 per cent of the grain is tributary to Canadian Pacific line, give us 55 per cent of the total unloadings. It is quite clear.

Q. So far you have not been in conference with the Canadian National Railways and the transport controller with a view to working out a formula such as you suggest?—A. Well, we would not initiate a conference such as that.

Q. The transport controller as far as you are concerned, has not initiated that type of conference?—A. No.

The CHAIRMAN: The transport controller said this afternoon that he was going to call a meeting of the two railways and himself to try to work out a solution to the problem.

Mr. NICHOLSON: But he did not do that a year ago and as far as Mr. Emerson knows the Canadian Pacific has not been asked to work out plans for the next crop year.

The WITNESS: No, sir.

Mr. QUELCH: Mr. Chairman, Mr. Emerson will not be here tomorrow?

The CHAIRMAN: No.

By Mr. Quelch:

Q. I would like to move a very hearty vote of thanks for his excellent brief. We may not agree with it all but we appreciate the way he has presented it.—A. Thank you, Mr. Quelch. If I might interject at this point Mr. Sinclair reminds me that this morning the transport controller indicated a desire to meet with Mr. Thomson and myself. As a matter of fact, I think he made the approach last night to work out this problem but as I understand it he has gone back home so we will not be able to hold that meeting.

Mr. SINCLAIR: Mr. Thomson says that he wants to make it clear to your committee and I think this is what Mr. Emerson has been telling you, that if the transport controller asks the Canadian Pacific to meet with him and the Canadian National to work out a plan that will best assist the movement of grain for the western Canadian farmers we will go immediately, we will go with all resources and Mr. Emerson will be there and so will his general transportation officer because what we intend to do, is to help out the situation in the best possible way. We think we know. We want to try to convince others as to our knowledge of the situation and to work it out because we recognize the seriousness of the problem.

The CHAIRMAN: I want to thank on behalf of everybody all the witnesses who have appeared so far and those who have not appeared and have attended assiduously ready to assist and I am sure I am speaking for everybody when I say we appreciate greatly the trouble they have gone to and their sincere and honest efforts to assist this committee in the best possible way.

I also want to thank all the members of the committee for their assistance and for their patience and their self-negation in sitting until this late hour today.

So we will meet tomorrow morning at 11.30 and we will have Mr. Samwell and a few others with us. I will leave it to the Company to decide who will be here to clear the allocation points. 11.30 tomorrow morning in the same room.

—The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament
1956

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

Report of the Board of Grain Commissioners for Canada, 1955
Including Third Report to the House

THURSDAY, JULY 19, 1956

WITNESSES:

From the Canadian Pacific Railway Company: Mr. C. P. Samwell, Supervisor of Transportation, Moose Jaw; Mr. T. R. Weise, Assistant to Superintendent of Transportation, Winnipeg; and Mr. I. D. Sinclair, General Solicitor, Montreal.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.,
and Messrs.

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Batten	Huffman	Murphy (<i>Westmorland</i>)
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Bryce	Kirk (<i>Antigonish- Guysborough</i>)	Proudfoot
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Cardiff	Leboe	Quelch
Charlton	Legaré	Roberge
Clark	Lusby	Robinson (<i>Bruce</i>)
Decore	MacKenzie	Schneider
Demers	MacLean	Smith (<i>Battle River- Camrose</i>)
Deslières	Mang	Stanton
Diefenbaker	Massé	Studer
Dinsdale	Matheson	Thatcher
Fontaine	McBain	Tucker
Forgie	McCubbin	Villeneuve
Gingras	McCullough (<i>Moose Mountain</i>)	White (<i>Middlesex East</i>)
Gour (<i>Russell</i>)	Menard	White (<i>Waterloo South</i>)—60.
Harkness	Michaud	

E. W. Innes,
Clerk of the Committee.

REPORT TO THE HOUSE

FRIDAY, July 20, 1956.

The Standing Committee on Agriculture and Colonization begs leave to present the following as its

THIRD REPORT

On June 25, 1956, the House of Commons referred to this Committee the Report of the Canadian Wheat Board for the Crop Year 1954-55, together with the Supplementary Report of The Canadian Wheat Board on the 1954-55 Pool Account—Wheat. The Annual Report of the Board of Grain Commissioners for Canada for the year 1955 was also referred to this Committee at the same time.

Your Committee carefully examined and approved the operations of The Canadian Wheat Board, the Transport Controller, and the Board of Grain Commissioners for Canada.

Your Committee expresses its appreciation of the efforts made to secure an equitable distribution of cars under very difficult circumstances and recommends that the Wheat Board call a conference of all parties concerned in the production, marketing and transportation of Western grain to discuss the possibility of further improvements in the distribution of box cars and the transportation of grain.

Your Committee further recommends that in the future the House consider the advisability of referring, in addition to the Reports of The Canadian Wheat Board and the Board of Grain Commissioners, other matters of interest to Canadian farmers.

A copy of the Committee's Minutes of Proceedings and Evidence in relation thereto is appended.

Respectfully submitted,

RENÉ N. JUTRAS,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, July 19, 1956.

(21)

The Standing Committee on Agriculture and Colonization met at 11:30 a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Boucher (*Chateauguay-Huntingdon-Laprairie*), Bruneau, Bryce, Charlton, Diefenbaker, Dinsdale, Forgie, Gour (*Russell*), Huffman, James, Johnson (*Kindersley*), Jutras, Laflamme, Leboe, Legare, Mang, Masse, Matheson, McCullough (*Moose Mountain*), Menard, Nicholson, Pommer, Purdy, Quelch, Roberge, Robinson (*Bruce*), Schneider, Smith (*Battle River-Camrose*), Stanton, Studer, Tucker, Villeneuve.

In attendance: Right Honourable J. G. Gardiner, Minister of Agriculture. *From the Canadian Pacific Railway Company:* Mr. C. P. Samwell, Supervisor of Transportation, Moose Jaw; R. E. Taylor, General Superintendent of Transportation, Montreal; Mr. T. R. Weise, Assistant to Superintendent of Transportation, Winnipeg; Mr. I. D. Sinclair, General Solicitor, Montreal.

The Committee resumed consideration of the problem of grain handling and delivery.

The officials of the Canadian Pacific Railway Company were further examined; Mr. Samwell explaining the operation of the quota system.

At 1.00 p.m. the Committee adjourned until 3.00 p.m. this day.

AFTERNOON SITTING

(22)

The Standing Committee on Agriculture and Colonization resumed at 3.00 p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Anderson, Bruneau, Bryce, Bryson, Cardiff, Charlton, Deslières, Dinsdale, Forgie, Gour (*Russell*), Huffman, Johnson (*Kindersley*), Jutras, Leboe, Legaré, Mang, Masse, Matheson, McCullough (*Moose Mountain*), Menard, Nicholson, Pommer, Roberge, Schneider, Smith (*Battle River-Camrose*), Stanton, Studer, Tucker and Villeneuve.

In attendance: Right Honourable C. D. Howe, Minister of Trade and Commerce; Right Honourable J. D. Gardiner, Minister of Agriculture.

From the Canadian Pacific Railway Company: Mr. C. P. Samwell, Supervisor of Transportation, Moose Jaw; Mr. R. E. Taylor, General Superintendent of Transportation, Montreal; Mr. T. R. Weise, Assistant to Superintendent of Transportation, Winnipeg; and Mr. I. D. Sinclair, General Solicitor, Montreal.

The Committee continued its study of the problem of grain handling, the officials of the Canadian Pacific Railway Company being further questioned.

The examination of the witnesses being concluded, they were thanked and permitted to retire.

The Committee considered the evidence and then deliberated *in camera*.

A draft Report to the House was submitted by the Chairman. A number of other proposals and resolutions were also considered, some of which, were incorporated in the Chairman's Draft Report.

The "Report" was adopted, as amended, and the Chairman was instructed to present it to the House.

The Committee expressed its appreciation of the manner in which the Chairman had conducted the Proceedings.

At 5.45 p.m., the Committee adjourned to the call of the Chair.

E. W. Innes,
Clerk of the Committee.

EVIDENCE

THURSDAY, July 19, 1956
11.30 a.m.

The CHAIRMAN: Order gentlemen. Yesterday when we left off Mr. Samwell, the supervisor of transportation in the west, had completed his presentation on the quota question and we had begun the questioning. Are there any questions?

Mr. C. P. Samwell, Supervisor of Transportation, Canadian Pacific Railway, Moose Jaw, recalled:

By Mr. Johnson (Kindersley):

Q. Mr. Chairman, when Mr. Emerson was giving his evidence he mentioned that the three factors that were responsible in the eyes of the Canadian Pacific Railway for the present situation were the following: the transport controller; the unloadings at terminals, and the wheat board.

I asked Mr. Emerson at what time were the wheat board orders limiting the movement of grain by the Canadian Pacific and he referred my question to Mr. Samwell.

At what period were there insufficient wheat board orders to allow you to get cars for your operations?—A. Mr. Johnson, we have not taken any specific dates between which the wheat board orders were not sufficient, however, I do have some samples here.

For instance, if you would like me to read them, on June 1st, there were 18 outstanding orders at North Portal.

The CHAIRMAN: Will you please speak louder.

The WITNESS: Yes, I am sorry. As I was saying, there were 18 outstanding orders at North Portal and we had to contact the elevator agent and ask him to advise why they were not loading grain. That all resulted in information which we passed on to our Winnipeg office at that time in a telegram to Mr. Chester which said:

Moose Jaw, Sask.
June 6, 1956.

H. Chester,
Winnipeg.

T/2 and T/21, Canadian Consolidated has only one outstanding order for barley and will load. Pool loading a car of No. 2 Northern Wheat and has four board orders covering oats and barley. Has orders for No. 2 Northern wheat but has not the grain to fill. Claims can load only one car oats as no room in elevator to take in more oats or barley due to being full of No. 3 wheat for which no authority to ship. R.185.

(Signed) C. P. Samwell.

In another instance on June 7 we advised Winnipeg that there were three boxes taken out of Fishing Lake the day before because of inability to get loading.

On June 18 Mr. Weise, in Mr. Chester's office, wired our chief despatcher at Saskatoon:

Canadian wheat board tabulation of June 8 shows 35 outstanding orders at Sylvania while grain report indicates no orders on hand.

The reply was:

Shipping orders cover No. 2 wheat and elevators have only No. 3 wheat in store.

Then on June 18 Mr. Weise wrote to the Canadian Wheat Board in Winnipeg and said:

Our grain reports of June 15 indicate that additional shipping orders are required at the following stations to take care of the 4 bushel quota: Sidney, Deveron, Holmfield, Hirsch, Baring, Drake, Hoffer, Caron, Broderick, Shipman, Cory, Jenner, Orion, Divide, Altario, Onward, Midale, North Portal, McLean, Forget, Hume, Uren, Bridgeford, Dendron, Golburn, Foxford, LacVert, Beverley, Retlaw, Buffalo, Bindloss, Consul, Robsart, Frontier, Kirriemuir, Superb, Fusilier, Bulwark.

And a copy of that was sent to Mr. Milner.

Q. These are more or less isolated instances which might affect the localities with a shortage of board orders, but which certainly would not affect the overall movement of grain by the Canadian Pacific Railway, would they?—A. Well, when we got the number of stations where we were short on lines like that, we say that the board orders had certainly cramped us to a certain extent.

Q. On what date was that?—A. That was on June 18.

Q. You say that on June 18 there was a shortage of board orders at all these localities?—A. That is right; and in reply to that letter we have one from Mr. McGregor assistant manager of the country operations department of the wheat board, in which he said:

19th June, 1956
Winnipeg, Man.

Mr. H. Chester,
Superintendent Transportation,
Winnipeg.

Dear Sir,

We are in receipt of your favour of the 18th advising us that your records indicate insufficient orders at certain stations to provide space for the four bushel quota.

Since our last tabulation of car requirements was released, additional orders for shipments to both the west coast and lakehead have been issued, which we feel sure will provide the required orders at the majority of points mentioned by you.

At some of these points all shippable stocks are covered by orders but they are insufficient to take care of the car requirements as indicated for quota increases. We are carefully surveying these points and hope to be able to adjust the deliverable figure and effect a quota increase.

As we do not have a record of outstanding orders from Alberta points, we are passing the information to Mr. Millard, our Calgary manager for his attention.

(signed) A. McGregor.

Q. That being the case, you would then allocate cars which would normally go to those stations to other stations which are under the four bushel quota and which have board orders?—A. That is correct, but it will leave us in a bad position in that we are not shown as clearing up these stations in turn or as they are required.

Q. I agree with you, and I have every sympathy with you, but it is part of the whole problem of the congestion which we have in the west.—A. Yes, that is definitely right and I might say that we have put a great deal of work into this to try to level it out and to get the wheat board to do their part and to get things on an even keel.

Q. How do you explain the situation for the week ending June 29 at Brandon when 336 cars were supplied in the previous week, and your having received board orders for 144, whereas at Lethbridge only 377 were supplied with over 4,000 board orders?—A. I am sorry. I represent the Saskatchewan district and neither of those points are in the Saskatchewan district.

Q. Well I wonder if any of your officials would be able to give an explanation for the disparity. I deferred asking my question until we got to this matter of allocation.

Mr. SINCLAIR: You are asking about Brandon and Lethbridge?

Mr. JOHNSON (*Kindersley*): Yes.

Mr. SINCLAIR: Let us check our sheets.

By Mr. Johnson (Kindersley):

Q. For the week ending June 29 according to the wheat board report which you evidently have? Another feature of the allocation of boxcars is the one which Mr. Emerson referred to when he indicated there was a reluctance to move grain to pool terminals because of the delay in the turn-around of the Saskatchewan pool terminals. I imagine this same reluctance would carry itself to the spotting of boxcars at marketing points, and it would seem to follow that if you found there was going to be a delay in the unloading of cars at the Saskatchewan pool terminals you would limit the number of cars which you would fill at the Saskatchewan pool elevators.—A. I do not remember Mr. Emerson saying that there was a reluctance to move pool grain any more than any other grain.

Q. No, he did not say that, but he mentioned that the pool was notorious in their delay in unloading Canadian Pacific cars and because they had added that the pool is notorious it would seem to follow that there would be a reluctance to compound that notoriety.—A. Well, in the Saskatchewan district we have no knowledge of the actual unloadings of the elevators as between terminals and as between elevators.

Q. So you would have no reluctance?—A. We would make no difference whatever.

Q. I am very pleased to hear you say that.—A. All we go by strictly is this wheat board tabulation and the other requirements of the wheat board providing for preference loading and out of turn cars.

Q. You do find in general practice that in trying to equalize quotas from some of those points which have a low quota that you put more cars into those areas than into areas which have higher quotas?—A. What is that again, please?

Q. If there are areas where they have a six or seven bushel quota and if there are other areas in the province which have a three bushel quota, you make every possible effort, even though it might inconvenience the operation of the railway, to put cars into those lower quota places to move out the grain on board orders?—A. Certainly, that is our business, that is the first requirement of the wheat board, to fill the low quota stations first.

Q. What is your explanation for the information which has been placed on the record particularly in respect to Mr. Studer's constituency where there is a predominant number of very low quota points? I notice that not too many of them were listed among the ones that you mentioned which were short of wheat board orders.—A. That is a reference to the territory which includes Neville which Mr. Studer mentioned. I have here the wheat board statement of July 6 which has since been brought up to date.

The CHAIRMAN: By whom?

The WITNESS: Well, as I explained in my brief yesterday, when we got this wheat board statement of July 6 it was eight days old and we had to go over it with a fine tooth comb and bring it right up to date, and we have made a special effort to bring it up to date as of this morning, for the information of the committee.

As at this moment Neville is on a five bushel quota and it requires 36 cars to take it off that five bushel quota.

By Mr. Johnson (Kindersley):

Q. What number of cars is required to bring Neville up to a six bushel quota?—A. It requires 70 cars to clean it up to a six bushel quota, and as of July 6 there was 66 per cent of the six bushel quota delivered. Delivery at other points on the Vanguard sub-division at the moment such as Glenbain require three cars to take them off the four bushel quota. That is one of the three points on the Saskatchewan district which still are shown as requiring cars on the four bushel quota, and they only amount to 16 altogether, Duncairn requires five cars and there are four cars loading there at the moment; Glenbain requires three, and Choiceland requires eight. However, at the moment there are 229 required on the Vanguard sub-division to take them off the five bushel quota.

Q. So you would say that at the moment it would be a physical impossibility to bring any of these places both in Mr. Studer's area and in the Macklin area up to a six bushel quota on the basis of the number of cars outstanding there at the present moment?—A. I would say that within reason we would just about clean off that 229 by the end of the month.

Q. Do you think there is still hope for the farmers of those areas to have their six bushels delivered?—A. There is always hope!

Q. One final question. It relates to the movement of Durum which is on open order. Durum is not on the quota as you know, and Durum is usually shipped as the cars are coming into the area. One area of Saskatchewan that has gone into Durum over the past number of years is on the Empress line such as Lancer and Portreeve.—A. I am afraid I have to ask Mr. Weise if he can give you anything on that. It is not in the Saskatchewan district.

Q. It is in Saskatchewan.—A. It is in Saskatchewan but not on the Saskatchewan district.

Mr. SINCLAIR: Would you repeat it?

Mr. JOHNSON (Kindersley): It relates to Durum wheat which is not on the Wheat Board quota and they have experienced very considerable difficulty in moving Durum wheat out of that Empress line particularly at Lancer, Sceptre and Portreeve whereas, if I might compare the situation to that on the Canadian National line. North of the river at Snipe lake, they have had space on track for Durum and spring wheat and there was such a disparity last fall that as soon as the river froze over farmers were hauling their grain 60 miles across the river to Snipe lake and I wondered what the explanation would be that you could give for that situation.

Mr. T. R. WEISE (Assistant Superintendent of Transportation, Winnipeg): That was what month?

Mr. JOHNSON (*Kindersley*): In November and December and I was crossing the river and I found a truck that had fallen through the ice. The farmer was trying to truck his grain from Lancer to Snipe lake.

Mr. WEISE: They finally got it moved, did they not?

Mr. JOHNSON (*Kindersley*): No, at Lancer they built one of those skating rink types of shed in which they stored 29,000 bushels of Durum up until February and March of this year as compared with that other area where they seemed to move Durum more freely. I wondered what could be the reason for that particular delay at that time.

Mr. WEISE: I suppose it is the lack of unloadings at Fort William.

Mr. JOHNSON (*Kindersley*): There should not seem to me to be that disparity between the Canadian National and Canadian Pacific lines in Durum.

Mr. WEISE: That is the only explanation I can give on that, is the unloadings at Fort William which govern the loads of that subdivision as well.

Mr. JOHNSON (*Kindersley*): This question is closely related to the unloadings. Have you taken action to suggest to your officials that they meet with the transport controller and suggest to him a meeting with the Canadian National Railways so that they can devise a formula which will be followed by both railways to put them on an equal footing in the unloading so both railways will be operating on the same basis?

Mr. SINCLAIR: As I said last night, Mr. Johnson, we of the Canadian Pacific, if the transport controller will arrange a meeting, would be most anxious to go to the meeting with the Canadian National, the transport controller and the terminal elevators, to see what plans could be worked out so that the maximum amount of grain could be moved expeditiously, efficiently and economically, and so as to spread it as evenly as possible through all shipping points in western Canada. We would welcome that kind of meeting and we would hope that maybe at that meeting—I am sure we would—at that meeting I think we would learn something and we hope that others would learn something but we would be most anxious to have that kind of meeting and we want to assure this committee and we do not have to assure anybody else at this time anyhow, but we want to assure everybody that is interested, that is the point, that we will give our utmost cooperation in a matter of that kind.

Mr. JOHNSTON (*Kindersley*): The calling of this meeting would really be the responsibility of the transport controller, would it not?

Mr. SINCLAIR: Yes.

Mr. JOHNSON (*Kindersley*): Have you suggested to the transport controller that such a meeting should be called?

Mr. SINCLAIR: They had some discussions between Mr. Emerson and Mr. Thomson the night before last and also I think some yesterday and I think also Mr. Taylor and Mr. Emerson intend to be in Winnipeg in a week or so.

Mr. WEISE: July 30th.

Mr. SINCLAIR: July 31st and the first week of August.

Mr. JOHNSON (*Kindersley*): The failure of the transport controller to call this meeting has then in part accounted for the difficulties which you find yourself in at the moment?

Mr. SINCLAIR: Mr. Johnson I would not want—

Mr. JOHNSON (*Kindersley*): I do not mean to use that word “failure” in that sense but I could not think of a different one at the time.

Mr. SINCLAIR: The way we look at it is this way, Mr. Johnson: we realize that there are difficulties and that there are problems. We realize that the

elevator operators at the terminal have their own particular problems and I do not think it is anything more than a problem that just has not been solved, that is all, and it requires work and a lot of very hard work to solve it.

Mr. JOHNSON (*Kindersley*): What you are saying though is that the transport controller could have done more to solve this problem?

Mr. SINCLAIR: Yes, Mr. Johnson, we feel when there is an awful lot of cars under load at the terminals for an unconscionable length of time which is the way we feel about it that there is a way to get action and that is to say to the Wheat Board: "Unless those cars are unloaded, no more will be shipped". That, we feel, is one way of getting action. That, of course, is pretty rough but when the situation gets as bad as it has been that may be what is required. That is the way we feel about it.

Mr. JOHNSON (*Kindersley*): Thank you very much, that puts a very interesting reflection on the situation.

By Mr. Smith (Battle River-Camrose):

Q. Mr. Chairman, I would like to direct one question to Mr. Samwell. I am from Alberta and perhaps you will not be able to give me the information but it is available, though. Do the Canadian Pacific give the same treatment to points along their branch lines in the way of movement of grain as they do along main lines?—A. Definitely.

Q. Then how would you account for this situation: I might say that I have followed the movement of grain in my constituency very closely from February on and I found at the end of May of the 71 points in the Battle River-Camrose 4 on the two bushel quota on C.P.R. and on branch lines, and on the three bushel quota 11 points, 10 of them C.P.R. and then in June I found that I had on the three bushel quota 4 Canadian Pacific points and none Canadian National and this was branch line as well. On the four bushel quota 9 points, 8 of them Canadian Pacific and right up to the end of June one C.P.R. point still on the four bushel quota, 11 on the five bushel quota and all C.P.R.

Now, we do have Canadian National branch lines there and they seem to be able to move grain freely in their region. What I am asking is how can you justify the statement that you give branch lines the same treatment as you give the mainlines?—A. Well, of course, as you say this territory to which you refer is not in Saskatchewan.

Mr. SINCLAIR: Mr. Weise will answer that. This is in his backyard.

Mr. WEISE: Well, we do give them all equal treatment, you know.

Mr. SMITH (*Battle River-Camrose*): The railways are not equal Mr. Weise.

Mr. WEISE: That could be because the points are out of orders.

Mr. SMITH (*Battle River-Camrose*): That brings up another problem. I know all these stations have had shipping orders from the Wheat Board and I take it that this "out of order" business will be pretty well uniform throughout the province for the same grades of wheat?

Mr. WEISE: I would imagine so.

Mr. SMITH (*Battle River-Camrose*): I am talking about points which are only 6 or 8 miles apart.

Mr. WEISE: The Wheat Board gives us as a rule, a list of the out of order operations and cars are put into both stations regardless of the quota in effect. That will not be true with certain kinds of grain.

Mr. SMITH (*Battle River-Camrose*): That has a lot to do with the disparity, I think. In addition, unloadings of course, regulate the loadings. The

unloadings at Vancouver and Fort William will regulate the loadings. I understand that but I took from Mr. Samwell's brief on page 3 where he makes this statement:

The directions issued by the Wheat Board to the railways are that low quotas shipping points are to be given preference over higher quota shipping points.

What I want to ask you is why all the particular points I mention had the lowest quota in this whole area and why they are still low and why there has been little or no attempt to bring them up.

Mr. WEISE: What specific points?

Mr. SMITH (*Battle River-Camrose*): Well, take for example, the C.P.R. line running from Edmonton to Lloydminster. I am talking about such places as Derwent, Clandonald, Marwayne and Dewberry on the branch line from Edmonton to Lloydminster.

Mr. WEISE: On the Lloydminster line as of yesterday, 27 cars were required on the Lloydminster line to take care of the five bushel quota.

Mr. SMITH (*Battle River-Camrose*): That is the Lloydminster line going west to Edmonton?

Mr. WEISE: Yes.

Mr. SMITH (*Battle River-Camrose*): And 27 cars is all that will be needed to clean up to 7 bushel quota all the way from Edmonton to Lloydminster?

Mr. WEISE: That is right.

Mr. SMITH (*Battle River-Camrose*): Well, I want to compliment you on the movement of grain there, because there has been a lot moved the last week or so.

Mr. WEISE: Yes.

Mr. SMITH (*Battle River-Camrose*): What about the line from Lloydminster, it is actually from Furness to Paradise Valley. It is a little spur?

Mr. WEISE: Our Furness subdivision as of today requires six cars to take it off the five bushel quota.

Mr. SMITH (*Battle River-Camrose*): I must say you have been moving a lot of grain there because on July 11 I had a telegram from McLaughlin Improvement Society which said this:

Elevators have got in store 174,000 bushels leaves only 6,000 space to care for 40,000 to come in six bushel quota.

I might point out that this particular point had 30 orders on hand, that is, Wheat Board orders. It is a six bushel quota, is it?

Mr. WEISE: Yes, Paradise Valley is six, yes.

Mr. SMITH (*Battle River-Camrose*): In the Wheat Board publication of July 6, McLaughlin was shown as having a six quota as well and Rivercourse is on the six as well. And the line to the north of there on Canadian National all points have 7 and 8 bushel quotas. I know this because it is my home territory.

Now, Mr. Chairman, just to show that this is not a localized situation in Alberta, I want to refer you to the Medicine Hat area, particularly to the branch line running out of Medicine Hat, the Hilda-Schuler line. On July 10 and they had a back-up of 250 carloads.

Mr. WEISE: Well, the tabulation as of today, shows that they require 262 cars on that branch line for the five bushel quota.

Mr. SMITH (*Battle River-Camrose*): Can you answer this? Is there any hope of being able to move that grain before July 31?

Mr. WEISE: I think so.

Mr. SMITH (*Battle River-Camrose*): You think so?

Mr. WEISE: I think so.

Mr. SMITH (*Battle River-Camrose*): You will agree if it is not possible people in the Medicine Hat area are going to suffer an injustice?

Mr. WEISE: That, of course, all depends a great deal on the unloadings at Vancouver.

Mr. SMITH (*Battle River-Camrose*): That is what I understand. All are practically on the Vancouver point?

Mr. WEISE: That is right.

Mr. SMITH (*Battle River-Camrose*): And the cry about unloadings at the lakehead would not apply to this?

Mr. WEISE: Not so much the lakehead.

Mr. SMITH (*Battle River-Camrose*): How would you justify the C.P.R. points that I have mentioned scattered pretty well through the central part of Alberta and the southern part always having been low when we ship to Vancouver?

Mr. WEISE: Well, at the Vancouver area I know that for a while last fall it was a little restricted too because of the unloadings at Vancouver; they did not have room for it, I guess.

Mr. SMITH (*Battle River-Camrose*): That, of course, would be true of the C.N.R. lines as well. But I am taking the picture from the end of February to the present time and there has been quite a movement of grain, has there not, from that particular region to the Vancouver port?

Mr. WEISE: But the Vancouver port has always been full of cars.

Mr. SMITH (*Battle River-Camrose*): But still the C.N.R. have been able to get theirs unloaded and you apparently have not.

Mr. WEISE: Possibly we did not get the right grade to unload there.

Mr. SMITH (*Battle River-Camrose*): I know you had shipping orders at all these points. I have evidence in my office upstairs to prove that. That is not our business. I would say that is the Canadian Pacific Railway's business and I believe we were told yesterday if it had been the case the C.P.R. would be doing a lot of squealing about not getting their share of unloads.

Mr. SINCLAIR: Pardon me, that was the evidence of Mr. Emerson that we were squealing. He gave you some wires right in that period that you mentioned.

Mr. SMITH (*Battle River-Camrose*): From the end of February to the end of June?

Mr. SINCLAIR: Yes, he gave you some wires, one in particular I recall in which Mr. Manson who is the vice-president out there was having an argument with the controller whereby Mr. Milner and the Canadian Wheat Board had told us we had a 75 per cent movement in there and we could not get 75 per cent of the unloadings and Manson said he had been talking to Kane asking for 65 per cent and Kane was giving it on the basis of car for car depending upon the number waiting unloading at Vancouver and having no reference to the percentage that was being shipped from the country points. That is on record, I think.

Mr. SMITH (*Battle River-Camrose*): I agree, I am not going to argue. This whole picture is certainly one of so much confusion that it would take

more than even a lawyer to unravel it. I would like to say this. I would like Mr. Weise to be looking up the record of the C.P.R. line from, say, Camrose to the eastern Saskatchewan border.

Mr. WEISE: Yes, sir.

Mr. SMITH (*Battle River-Camrose*): You must remember when we are discussing this situation we must discuss it in terms of what it means to the farmers of western Canada. In the Medicine Hat area it has cost the farmers \$2 million of purchasing power, because of some of these failures.

Mr. WEISE: Well, as of today, Bawlf is on a five-bushel quota and requires thirty-six cars for five less twelve, which would be twenty-four for the five, and Sedgewick requires twenty-two for five and those are the only points that require cars for the five-bushel quota.

Mr. SMITH (*Battle River-Camrose*): And on each side of that, for example, Bawlf, Daysland and Sedgewick. They are up to seven, I believe.

Mr. WEISE: No, Daysland is on the six.

Mr. SMITH (*Battle River-Camrose*): How would you account for that? That is a district that is only about fifteen miles away on the same line.

Mr. WEISE: You must understand too that that area gets a lot of out-of-order shipments for mill wheat and so on.

Mr. SMITH (*Battle River-Camrose*): There you bring another problem. Do you recognize a mill order over and above, we will say, a Canadian Wheat Board order?

Mr. WEISE: When they are placed out-of-order, yes.

Mr. SMITH (*Battle River-Camrose*): They must be placed out-of-order.

Mr. WEISE: That is right.

Mr. SMITH (*Battle River-Camrose*): And that would work not only on the mill orders but Canadian Wheat Board orders as well?

Mr. WEISE: Our cars placed out-of-order are placed irrespective of the quota in effect. They have nothing to do with quota as far as the placing of cars is concerned.

Mr. SMITH (*Battle River-Camrose*): In closing, Mr. Weise, I wonder if you will give us the assurance that you will do all the complaining you possibly can do in the next month or two to make sure that you are not placed in the same awkward position you must have been placed in before, to make sure the farmers in your district are given a good deal? Will you do that?

Mr. WEISE: I always do that, sir.

Mr. STUDER: Mr. Chairman, we are given to understand if there is a six-bushel quota at a certain point—

The CHAIRMAN: Apparently they now have the information on the other earlier question.

Mr. SINCLAIR: It is in respect to the question about Brandon and Lethbridge.

Mr. WEISE: On June 7, Mr. Johnson, the Canadian Wheat Board instructed us to place cars out of order for the movement of barley to the lakehead. I do not know whether those cars all carried barley, but I assume that a lot of them did.

By Mr. Johnson (Kindersley):

Q. And you think that that would account for it?—A. I think so. When you have out-of-order authorizations it is because the Canadian Wheat Board wants those grades of grain.

By Mr. Studer:

Q. Are we given to understand, Mr. Chairman, if there is a six-bushel quota at a number of points and a four-bushel quota at another number of points, that no cars are apportioned to these six-bushel quota points until all the four-bushel quota points are brought up to six bushels?—A. Yes, almost 99 per cent, except for out-of-order authorizations.

Q. That is, that the farmers can be satisfied on a four-bushel quota,—when they hear that there is a seven-bushel quota at some other point,—that that seven-bushel quota point will not receive cars while it is over the average of the four-bushel quota point?—A. Except for one exception. There is another thing which enters into it. It is also something which puts us in a very embarrassing position. That is, the fact that we might get a Canadian Wheat Board tabulation here one week—to give you an extreme example—which shows a station on the four-bushel quota requiring so many cars; we can put those cars in and continue to put them in to get it as near off the five as we can. We have only perhaps shipped a quarter of the requirements to take care of this five-bushel quota, and then the next tabulation will show them on the seven-bushel quota which means that we have used cars at that point to jump a station from four to seven when we could have used them elsewhere for a four-bushel or lower quota. That happens quite frequently in connection with these tabulations which we get and I might say that it is the most frustrating business of which I know. We try to get these low quota stations built up, and in the next tabulation they are bounced up again and show fifty cars required under the four-bushel quota when we have brought them up to five. It is frustrating.

Q. Almost as frustrating as it is to the farmers when they are trying to deliver a four-bushel quota and have it advanced to a five or six-bushel quota and are still not able to deliver the four bushels.—A. Yes.

Q. I am very pleased to hear about the improved position throughout the southwest area. I do not wish to mention individual points; but I wish to emphasize the general situation as to why one area of a province, or territory, should be on a much lower quota than is the general situation throughout the province or the area. A week ago today I was in Neville—and I will use this as an illustration. I could not deliver any of my wheat on a four-bushel quota because there was no room in the elevators. The agent informed me that there was approximately 45,000 bushels of car space needed to complete the four-bushel quota. Your figures of today show a much improved position. I hope that this position is in evidence throughout the whole area. My point is that southwest Saskatchewan is on the lowest quota of any area in western Canada—as a whole, as an entire territory—and I understand that that is part of your territory and part of the territory which is called the Lethbridge division. Is that right?—A. That is correct.

Q. What I am trying to determine is what are the reasons for an extensive area such as that being on a lower quota than the other areas of western Canada, and whether that is a chronic condition which we should expect every year, or whether something should be done about it to keep it equal with the other areas. I understand that southwestern Saskatchewan is the furthest area from Churchill, the furthest from Fort William, and possibly the furthest from Vancouver, that is it is on the breaking point of the freight rate as between those areas. It would appear to me that the grain which has to go west, on account of the cost, would have to depend on the Pacific coast for the movement of the grain. You would not take that grain and ship it to Fort William?—A. We will ship grain where they tell us to ship it. We will ship grain where the Canadian Wheat Board tells us to ship it regardless of the freight rates. I do not worry about freight rates at all. It does not make one particle of difference

to me what the freight rate is. Where there is grain to move, and where the Canadian Wheat Board gives authority to move it, we will do our very best to move it.

Q. This entire southwest area, with the exception of the Moose Jaw-Swift Current branch line which is C.N.R., is C.P.R. country. I would like to ask, in a low quota area, such as these people are in, is there any provision made whereby if they have suffered a lower quota by the end of the year than another area, whether that is considered for the following year's operation in taking up a portion, or any part, of that grain on account of the distances from the various ports, so that in the following season they would not be in a position by the end of that following season where they would be on the lower basis than the other area?—A. To answer that, Mr. Studer, I am afraid that I would have to say that I have not the faintest idea what the shipping policy of the Canadian Wheat Board is going to be after the new crop season begins. We will definitely do the best that we can under the Canadian Wheat Board shipping instructions to take care of the Shaunavon subdivision, and I am sure that my equal in Alberta will do the best that he can do west of there. I can give you one good illustration. Now, this is not an actual out-of-order authorization of which I am speaking, it is in connection with the government elevator at Moose Jaw. When we get orders from the government elevator at Moose Jaw for cars to be shipped from there, we are told by the Canadian Wheat Board that we have got to supply them practically the same as out-of-order. Now, the cars shipped out of the government elevator, from March 16 to April 30, numbered 227. In the same period there was shipped into the government elevator at Moose Jaw 226. Between the period May 29 to July 11, they shipped out 458 cars of wheat to the lakehead. I do not have the exact number of cars shipped in, but it was inconsequential. I can say to you that if the Canadian Wheat Board had not taken those 458 cars which we supplied to the government elevator to move their stocks out of there—mind you, I am not criticizing the Canadian Wheat Board—and if we had not had to supply those cars practically the same as out-of-order when requested to do so, we could have used those cars and we would have had the five-bushel quota stations on the Shaunavon subdivision more than wiped out by July 11.

Q. Would you say that that would be the reason for the southwest area being in a different position than other areas in Saskatchewan?—A. That along with out-of-order authorizations which we received.

Q. Would you say that that particularly applies to the southwest, or would that same situation apply, say, north or east of Moose Jaw rather than southwest?—A. Not to that extent. Take, for instance, the out-of-order authorizations. I think that you know as well as I do that with respect to these milling orders placed by the Canadian Wheat Board as out-of-order, although there are some in southern Saskatchewan, the largest percentage of them are on the north end of the Outlook subdivision, Kerrobert, Macklin, or up in that country. I do not say all, but the big bulk of them are up in that country. It is a result of having to put cars in those places in preference to the southwest country for the time being until we can get these out-of-order orders filled.

Q. We, as members, are always in the position where we have to do some explaining, just as the members of the C.P.R. are endeavouring to explain to us; we have to explain the position out in the country. Not only do we have to explain about the Canadian Wheat Board, about the transport controller, but we also have to explain about the C.P.R. I appreciate any information that will assist me in giving an explanation where questions are asked.

My last question would be to ask you to give me again the reasons, which I can pass on to the people who are making the inquiries throughout the country, for their being in an inferior position to other areas of the province. If

you would sum it up again I would appreciate it.—A. First of all, it is due to the out-of-order authorizations for certain grades and kinds of grain in other parts of Saskatchewan which have to be supplied in preference. Then, there is the fact that what goes in at this end of the pipe line is regulated by what goes out at the other end.

Q. Could you suggest why that should apply to southwestern Saskatchewan, in connection with these out-of-order shipments, and why the outlet at the other end at the port of Vancouver should affect the southwest more than any other area?—A. My reference to the pipe line does not affect the southwest any more than any other area, with the exception that the territory that is in the Vancouver shipping area is affected by the slow unloadings of what I might call the southwest pipe line to the west coast. There were periods all through the piece where we had more cars on wheels for the west coast than good transportation seemed to provide for. We had to move cars and naturally we had to restrict our Vancouver loadings to a certain extent to keep that down and not waste cars being used for storage purposes. I have no control over this out-of-order business. The Canadian Wheat Board issues these out-of-order authorizations. It also tells us, without an out-of-order authorization, that when the government elevator asks for cars we are to give them those cars.

Now, although it does not affect the section of the country that you come from, I would like to add that we are affected by that in the northern part of the district as well, due to the fact that the same condition applies to the Saskatoon government elevators. From June 13th to July 10th there were 264 cars of wheat shipped to the lakehead from the Saskatoon government elevator—264 cars of wheat to the lakehead, which were required to supply cars as and when required. With the result that those cars could not be used to apply on low quota stations to bring them up to where they belong.

Q. Finally, would you care to comment as to whether this may be chronic, or a perpetual condition in the southwest, or whether it may be entirely different in the following season?—A. As I said before, I cannot prophesy what the shipping policy of the Wheat Board is going to be. I think it was well dealt with here yesterday, but I cannot tell what the policy is going to be after the new crop comes into effect.

Q. Thank you, Mr. Samwell.

MR. DIEFENBAKER: Mr. Chairman, I would like to deal first with the general matter of the convening of this meeting between the transport controller and representatives of the Canadian National Railways. I would like to ask whether or not, out of that meeting, it is expected that there will be some reasonable, fair and equitable division of cars among the various areas and marketing points in Saskatchewan?

MR. SINCLAIR: We certainly hope so, Mr. Diefenbaker.

MR. DIEFENBAKER: Have there been previous meetings such as this?

MR. SINCLAIR: There have been meetings, Mr. Diefenbaker, in Winnipeg with the transport controller, the Wheat Board and the two railways. What we are suggesting in respect to this meeting that we are now talking about, and that we hope Mr. Milner will propose to us, is to bring the terminals in it, with the Wheat Board and the railways as well. We will have the terminal elevators, the C.N.R., the Canadian Pacific, the Wheat Board and the transport controller. So, we will have everybody there.

MR. DIEFENBAKER: But has there in the past been anything equivalent to the meeting that you have in mind at the present time?

MR. SINCLAIR: No, I do not think so.

Mr. DIEFENBAKER: What rather impresses me, Mr. Sinclair is that you have some hopes that out of such a meeting and this community of council some improvement will result. Can you tell me this: this meeting seems to be an obvious thing, and an obvious course to follow; why has there been such an outrageous delay in the convening of a meeting that, on the face of it, would seem to go a long way to solve, or at least to diminish the effects of this problem? What has been the hold up, what is behind this? Why could you not get together before?

Mr. SINCLAIR: Mr. Diefenbaker, I can only speculate, but I suggest this: the Wheat Board has been pounding on their part of the business; we have been pounding on our part; the Canadian National have been pounding on their part; and the terminal elevators have been pounding on their part. Maybe everybody has not fully realized the inter-relationship of the problems, and how, by pounding too hard at their own problem, they may be upsetting and making a lot of problems for the other people.

Mr. DIEFENBAKER: In other words each one of you was going in his own direction without any cooperative effort among you all, in general?

Mr. SINCLAIR: I do think that we recognize the global nature of the matter; the problem is very complicated and I am not saying it can be solved. The variables of the situation are very great.

Mr. DIEFENBAKER: Do you feel it can be improved?

Mr. SINCLAIR: That is what I am very hopeful of.

Mr. DIEFENBAKER: I think that is all to the good and certainly will be appreciatively accepted by the farmers in those areas that are suffering and have suffered for a very long while. Now, have you any idea when it is possible for this meeting to be convened? I hope it is not delayed, because after all, the 31st of July is rapidly approaching as we in parliament realize.

Mr. SINCLAIR: Leaving aside the realization part of it, in respect to a meeting like that, we will go just as soon as we can. I do know that Mr. Taylor, who is a key figure with Mr. Emerson, as far as we are concerned, and Mr. Wood, are all to be together in Winnipeg at the end of this month.

Mr. DIEFENBAKER: But not before?

Mr. SINCLAIR: No, not before.

Mr. DIEFENBAKER: That will not help the farmers who are in the position of not having their quotas filled for the 1955 crop, will it?

Mr. SINCLAIR: Sir, there is one thing that I am very sure of, and that is this: this trouble did not arise in a short period.

Mr. DIEFENBAKER: It as been cumulative, has it?

Mr. SINCLAIR: It has been cumulative; it certainly, has. As Mr. Emerson pointed out, there were some difficulties last October that have had a material effect on the situation now. The matter is out of balance to the extent that I do not think it can be solved in any two weeks.

Mr. DIEFENBAKER: When do you think it actually accelerated into a serious condition—last October?

Mr. SINCLAIR: No, I do not think so, sir.

Mr. DIEFENBAKER: Why did you specifically refer to last October?

Mr. SINCLAIR: The reason I refer to last October was because of what Mr. Emerson had said—because of a study of the material. We, at that time, were becoming concerned about the build-up of cars under load in proportion to the total unloadings we were getting in light of the expected proportion of the crop we were to move. We started, if I might put it in the language of these fellows—what they were doing: they started screaming for unloadings.

Mr. DIEFENBAKER: That would be about what time, sir?

Mr. SINCLAIR: The latter part of—sometime in October.

Mr. DIEFENBAKER: All right. Now, was the transport controller away some time during the fall?

Mr. SINCLAIR: He might have been away.

Mr. DIEFENBAKER: Was he not away for more than a month?

Mr. SINCLAIR: Yes, but, he had some pretty capable assistants: Mr. Rowan and Mr. Kane, and they are known to our people.

Mr. DIEFENBAKER: There was no deputy controller at all—that was the answer given in the house—who carried on his duties when he was away.

Mr. SINCLAIR: Mr. Rowan and Mr. Kane were in touch with him. There was no difficulty because he was away, I do not think.

Mr. DIEFENBAKER: Now, did you never suggest a meeting such as this before? You would think that would be a very obvious thing. There may be reasons to the contrary, but it struck me that if they wanted to find out what difficulties there were, and that everybody was going in their own directions, and were endeavouring to arrive at a solution, that it would be obvious to convene such a meeting as you now expect will be convened.

Mr. SINCLAIR: Mr. Diefenbaker, if you think in retrospect things become very obvious. I was sure in last year's Grey Cup game, that Etchevery was playing like a chump, and if he had only done a little thinking he would have done a lot better. In talking to some of these fellows afterwards they said: "When you are under fire, and when you have got a job to do, and you have got your eye on the ball, you do not think of all the ramifications".

Mr. DIEFENBAKER: Yes. But, this was a problem so large in its effect on the economy of this country, that this would not be one of those small problems that come within the limits that you are now imposing.

Mr. SINCLAIR: Mr. Diefenbaker, I agree with you as to the size of the problem. I certainly want you to know that it has received very, very great consideration. Like all things, sometimes the simple solutions are the hardest to find.

Mr. DIEFENBAKER: They are. Now I want to go from the general to the specific. I think Mr. Samwell will be able to answer me. Thank you very much Mr. Sinclair.

I want to find out something about northern Saskatchewan. Mr. Studer dealt with southwestern Saskatchewan, and, spoke of the injustice done to that area, at least I so interpret it. What are the branch lines in northern Saskatchewan that you operate? We will say at Prince Albert. I am getting down to the specific area that I represent in order to ascertain the reason for the situation there. It is a very similar situation to that referred to by Mr. Studer.

Mr. STUDER: You have not as many red marks as I have.

Mr. DIEFENBAKER: I beg your pardon?

Mr. STUDER: You have not as many red marks on that wheat pool map as I have.

Mr. NICHOLSON: He has a higher percentage.

Mr. DIEFENBAKER: We have got a pile of black spots there.

The WITNESS: In the Saskatoon division which—

By Mr. Diefenbaker:

Q. I beg your pardon, I did not hear you, Mr. Samwell.—A. On what we call our Saskatoon division, which includes your territory—

Q. Let us start out with Prince Albert—Prince Albert to Nipawin.—A. Prince Albert to Nipawin.

Q. What is the general situation in that area at this moment?—A. I can give it to you station by station if you wish.

Q. Yes. I do not want to take up the time of the committee but I do want to refer to those.—A. White Fox proper requires two cars to take it off the five-bushel quota. Love is on a six-bushel quota. Garrick requires four cars to take it off the five-bushel quota.

Q. Choceland?—A. No, Garrick. Choceland requires five cars to take it off the four bushel quota.

Q. What is the quota?—A. Four, and five.

Q. And five?—A. And the five. Snowden does not require any cars on a five-bushel quota. Smeaton requires one car to take it off the five-bushel quota. Shipman is on a six-bushel quota. Foxford is on a seven-bushel quota. Weirdale does not require any cars to take it off the five-bushel quota. Meath Park does not require any cars to take it off the five-bushel quota. Albertville requires three cars to take it off the five-bushel quota.

Q. The situation there has been greatly improved in the last two or three weeks.—A. There is one point here, Mr. Diefenbaker that I would like to draw your attention to, it is this place Choceland.

Q. Yes.—A. The Wheat Board tabulation on June 22 shows 19 cars required for the five-bushel quota; 33 cars required for the six-bushel quota. Then the tabulation of June 29 shows this station requiring 36 cars for the five-bushel quota and 49 cars for the six-bushel quota.

Q. What is the discrepancy there?—A. Just a minute until I finish. The thing I wanted to point out is just coming here. The tabulation for July 6 shows this station back on the four-bushel quota requiring 38 cars for the four-bushel quota and 66 cars for the five-bushel quota.

Q. Actually that is the complaint that I have received. This situation, for some reason or another, mathematically does become more serious all the time.—A. That just shows you how frustrating it is for us to try to work with information supplied to us by the Canadian Wheat Board in a case like that. It just makes us look like fools.

Q. So that the example that you gave at Choceland is the choicest that you could give?—A. It is.

Q. Because the complaints there have been very bitter.—A. It is so surprising to us.

Q. I beg your pardon?—A. I say it was so surprising to us.

Q. Yes. And you say that comes about as a result of the failure of other parties in presenting you with the proper facts?—A. Correct.

Q. Now, have you made any revision to find out what the actual situation is? Because those figures cannot possibly be reconciled. Have you any official there who can give some assistance?—A. I do not think, Mr. Diefenbaker, it is within our province to try to dig up information for the Wheat Board in regard to quotas or anything like that.

Q. Just one other matter— In so far as those branch lines in northern Saskatchewan are concerned, the ones to which you have referred, and the others out of Prince Albert northeast, it can be taken for granted, then, on the basis of the evidence you have given generally speaking in those areas the quota fixed by the Wheat Board will be achieved in shipments by the end of this month.—A. You say "the quota set by the Wheat Board"—

Q. Yes. As at present set.—A. The five bushel quota will definitely be cleaned up in that whole territory by the end of the month.

Q. And what is the prospect of there being cars available for any increase?—A. There will be available cars for shipments in that territory—I just want

to get this right—we will put cars into that territory to reduce the quota in effect above five bushels when we have them available after supplying lower quota stations to bring them up equal.

Q. You mention in the brief you submitted that in certain areas special prohibitions issued by the Wheat Board are interfering with your work.—A. Quite true.

Q. Were there any prohibitions issued by the Wheat Board relative to this line between Prince Albert and Nipawin? If you have not got a summary of the prohibitions readily available perhaps you could secure it during the recess and thereby the time of the committee would be saved.—A. I can give you this information Mr. Diefenbaker, though we would have to go through our records to pinpoint it. The Wheat Board, for instance, issued on April 6—I do not know what kinds and grades of grain they grow in your territory but on April 6 there were 1,000 cars of No. 5 wheat ordered to Fort William and they were scattered.

Q. Over the whole area?—A. They were scattered.

Q. And you have a record of the places to which prohibition applied on that date?—A. We could find it.

Q. Is it a “blanket” prohibition so that you are reduced by 1,000 cars during a certain period? Or what is the nature of this prohibition?—A. It is a “blanket” order covering 1,000 cars, issued on April 6 and finishing on April 24.

Q. And you received that order on April 6?—A. That is the date of the order.

Q. That covers Saskatchewan?—A. A part of the order affects the Saskatchewan district, yes.

Q. How many more of those prohibitions did you receive applicable to Saskatchewan during the crop year from the Wheat Board?—A. For the whole of the crop year?

Q. Yes.—A. I would have to do a lot of digging for that information.

Q. Is that prohibition you have mentioned a large one—1,000 cars?—A. It is a large one, yes. We got another on April 12 in respect of 944 cars to Fort William scattered.

The CHAIRMAN: I think confusion is arising because the wrong word is being used. These are not prohibitions as such—they are just the opposite to prohibitions.

Mr. DIEFENBAKER: I was asking about prohibitions because the word “prohibitions” was used by Mr. Samwell.

The CHAIRMAN: What he meant was “preference”.

Mr. DIEFENBAKER: The evidence you have given then, during the last couple of minutes had to do with preferences?

The WITNESS: Yes.

Mr. DIEFENBAKER: What about prohibitions. That was what I was particularly interested in. It did strike me as being an impressive figure which you gave—

The CHAIRMAN: There are never prohibitions as such. It is always a matter of preference.

By Mr. Diefenbaker:

Q. You state in your brief:

The amount of grain shipped from any particular shipping point is materially affected by prohibitions, preferences and out-of-order shipments previously described.

I was trying to find out what these prohibitions are and how many marketing points are affected by them.—A. Well, when we refer to prohibitions let us take for instance instruction to the trade No. 51 issued by the Canadian Wheat Board on April 5 as an example.

Q. It just prohibits—it does not specifically refer to the marketing points—

The CHAIRMAN: I think that if you would let the witness finish he will explain the word "prohibition".

The WITNESS: This instruction to the trade No. 51 reads:

Effective immediately, the shipment of any grade of barley to the Lakehead from stations in Manitoba and Saskatchewan under open order No. 940 is hereby restricted to stations at which delivery quota in effect at the time does not exceed five bushels for a specified acre.

No shipments of feeding grades of barley are to be made to the Lakehead from any station in Manitoba or Saskatchewan at which the delivery quota is presently in excess of, or is subsequently increased in excess of, five bushels per specified acre unless specially authorized by the board.

Now here is another instruction dated March 15 and addressed by the Canadian Wheat Board to all the companies. We get a copy. It said:

Re of shipment of grain to the Lakehead. Due to the necessity of obtaining prior shipments to the Lakehead of other grades of grain now on order the following shipping orders are hereby cancelled effective immediately: 1244, 1245, 1255. In addition, effective immediately, the following shipping orders are suspended until further notice—

Then they go on to quote nine shipments.

By Mr. Diefenbaker:

Q. Then it specifically relates to certain marketing points?—A. It would not specify marketing points.

Q. It would refer to specific areas—specific lines— —A. They give us the specific number of the shipping order in all these cases. We would have to find out what these shipping orders actually cover.

Q. Supposing a shipping order is issued providing for a certain number of cars from point A. That would be included under the general order 446 or whatever the number is, and later when a prohibition is applied that prohibition has an effect, in the light of the previous order made, of denying any shipment from the designated points that it orders. Is that not correct?—A. Yes, that is correct, but what I am trying to point out is this: for instance, when we get an instruction to the trade giving a preference of shipment and then they are restricted— We take a shipping order re shipment of grain and divide it into first priority and second priority. They tell the trade what is the first priority and what is the second priority—

Q. Does that refer to grades?—A. It refers to everything.

Q. That is all it says—certain orders are first priority— —A. Not orders. For instance, this is addressed to all companies in connection with the shipment of grain. It is an instruction to the elevator companies:

Companies are requested to advise their agents that shipments of grain to fill orders issued by the Wheat Board's Winnipeg or Calgary office of Durum wheat, Malting barley, rye and flax will now be made in the following order of priority. First priority are Malting orders—

Q. I see. It would be with respect to the priority among grain rather than between grades of specific grain.—A. Yes.

Q. I have one other question and I am through. Possibly Mr. Sinclair would answer. There has been some reference in the press to the fact that the railway companies wish to have adopted a system whereby new demurrage

charges will be made or provided on unloaded cars at the terminal points and I am referring specifically at the moment to Fort William. After two days the amount of demurrage would be from \$3 to \$7 for the car. Have the railway companies this plan in mind?

Mr. SINCLAIR: I do know what you are talking about, yes.

Mr. DIEFENBAKER: And has an application been made to that effect?

Mr. SINCLAIR: Notice has been given to the trade that the existing tariff which is CTC 5 will be applied on August 1, 1956.

Mr. DIEFENBAKER: I am very much in disagreement with the fact that the cost will fall on the farmers. Is this one of the plans you have made in order to ensure faster unloading at the Lakehead?

Mr. SINCLAIR: It should certainly improve unloading at the Lakehead.

Mr. DIEFENBAKER: Is that the purpose of the application or was it intended to secure additional revenue?

Mr. SINCLAIR: The purpose of the application of the demurrage tariff to the Lakehead and semi-public elevators certainly was not to get revenue; it was to get the cars released. That was the only purpose of it. We do not want revenue on the cars.

Mr. STUDER: Who receives the revenue from the demurrage charges?

Mr. SINCLAIR: The company does, but we would much rather have the cars than the revenue and that is why, Mr. Studer, the tariff is set up as a penalty tariff; it is not a revenue tariff and it progresses, as you know—three, three, five, five, seven repeat.

By Mr. Nicholson:

Q. I have one or two questions I would like to ask Mr. Samwell. I have a report from the Western Producer for the last working day in June—Friday the 29th. I will just mention the low and the high. This report indicated that 23·3 per cent of your points in Saskatchewan had a four bushel quota compared with 4·41 on the C.N.R. and taking the high there were 14·10 per cent of your points with a seven bushel quota compared with 33·27 on the C.N.R. I gather that this will be one of your headaches, to worry about a picture like that in Saskatchewan where your customers were complaining to somebody whereas C.N.R. customers did not worry as much. Would I be right in assuming that this would be one of your headaches?—A. Yes. My headache is to try to raise the quota.

Q. You will agree that it gives you a headache to have that sort of situation?—A. Definitely.

Q. I am not trying to put the blame on you but I think it will be pretty obvious. Mr. Diefenbaker has just been speaking about some points from Prince Albert to Nipawin on your line. I find there were eight points on that line on July 7 which had a four bushel quota and on the C.N.R. line from Prince Albert to Tisdale south of there all their points were alternative points. That is also a headache for you—you do not like to have that sort of situation?—A. I do not.

Q. I gathered so. Now, in your opinion, who is responsible? You cannot blame the Canadian National Railways for the situation. If you were in their position, you would not be complaining, I suppose?—A. No.

Mr. NICHOLSON: Mr. Chairman, I have some more questions but it is now one o'clock and I wonder if we might adjourn at this time? I have a good deal more.

The CHAIRMAN: Let us adjourn now until 3 p.m.

Luncheon adjournment.

AFTERNOON SESSION

July 19, 1956

3.00 P.M.

The CHAIRMAN: Order, gentlemen. Mr. Nicholson had the floor.

Mr. C. P. Samwell, Supervisor of Transportation, Canadian Pacific Railway, Moose Jaw, recalled:

By Mr. Nicholson:

Q. Mr. Samwell, I gather that in connection with your work you have occasion to be in touch with the Saskatchewan wheat pool from time to time? —A. Yes, from time to time.

Q. I gather you have not any reason to think that the Saskatchewan wheat pool would not be as anxious to give their members adjacent to the Canadian Pacific as good service as their members adjacent to the Canadian National?—A. That is quite right.

Q. It is pretty obvious that the members of this committee are divided politically; most of us who farm are members of the Saskatchewan wheat pool, some of us served by the C.N.R. and some of us served by the C.P.R. We would raise heck with our organization if we felt that our organization was unfair to some of our members who happened to be living adjacent to another line. I am sure that you will be embarrassed somewhat by the remarks made by your vice-president Mr. Emerson, which I think were unfortunate, but I cannot hold you responsible for them. I am glad to have you on record, as far as you are concerned, in your operation in Saskatchewan—you have no reason to feel that the Saskatchewan wheat pool is playing favourites toward your opposition. You admitted this morning that the situation as described on this map that we have before us was a matter of a good deal of concern to you. I would like to ask you now if you do not think there is a place for a transport controller, who will have some authority, in a crisis like this? Mr. Milner mentioned that he thought there was a place for a transport controller to iron out these difficulties between the Wheat Board, the railways, and the terminals. I am sorry he did not make any mention of the dirt farmers because they are the people who take the beating in a crisis like this. I would think there is a place for a transport controller who will be worrying about these four problems, the problems of the farmer at the shipping points, the operations of the Wheat Board, the railways, and the terminals. Would you agree with me that there is a place for a transport controller?—A. Mr. Nicholson, my job is transportation. I have nothing to do with the policy set by the Canadian Pacific and I would be very reluctant to express a personal opinion on such a question.

Q. Perhaps I should ask Mr. Sinclair about this, should I? Has the Canadian Pacific any objection to Canada having a transport controller with powers to try to iron out these problems as between the shipping points, the operations of the Wheat Board, and the operations of the railways and the terminal?

MR. SINCLAIR: Mr. Nicholson, the Canadian Pacific wants to move grain as efficiently as it can. Anything that will assist in bringing that about, and in making the farmers throughout not only Saskatchewan, not only in Manitoba, and Alberta, but everywhere—right into Creston, British Columbia—we want them all to be satisfied.

MR. NICHOLSON: But we seem to be in a bit of a jam, where somebody has to take the responsibility for getting the concerned people together and ironing the problems out.

Mr. SINCLAIR: Mr. Nicholson, what we think is this: we think we know something about transportation; somebody else knows something about terminal elevators; somebody else knows something about growing grain. I think it is perhaps impossible to find one man who knows enough about it all. I do not know where you could look to find someone who is going to be—could I say a fellow that understands the problem of the farmer, the problems of the terminal elevator, the problems of the railways and the problems of wheat selling. It is quite a job.

Mr. NICHOLSON: I am not suggesting it is not a very difficult situation.

Mr. SINCLAIR: I would not want it. Maybe you would.

Mr. NICHOLSON: I have a lot of headaches but my main headache is in connection with farmers who are trying to survive in this sort of a world. Somebody has to take some responsibility for this situation.

I am sure you are aware that we have an order in council in Canada that has been passed on the assumption that Canada did need a controller. Mr. Milner has been the controller for some five years, he said, but this order in council is dated the 1st of June, 1954.

Mr. SINCLAIR: Yes.

Mr. NICHOLSON: This has been revised to put into it—

Mr. SINCLAIR: I have read it, Mr. Nicholson.

Mr. NICHOLSON: Yes. I want to advise Mr. Samwell of some of the things that are in this order in council. I ask him if he is aware that it sets out that the controller may—the first clause is:

The transport controller may (a) order any person dealing in or with bulk transport facilities to transport goods in bulk in such priority over any other goods in bulk or over other goods, and as between them or any of them, as the controller directs.

Now, I am not going to read the others, but that is (a) and there is (b), (c), (d), (e), (f), (g) and (h). I will read (h):

(h) order or require any person dealing in or with bulk transport facilities or goods in bulk or any agent, employee or representative of any such person, to furnish in such form and within such time as the controller may prescribe such facts, data or information as the controller may deem necessary or advisable; and the controller may require the same to be furnished under oath or affirmation.

Then there is a penalty—

Mr. MANG: Mr. Chairman, are we in order on this? I think that the transport controller dealt with that. He said he had the powers, but that it was not practical to use these powers. He wanted to do the job with the cooperation of all the people involved. So, I would think that this would be out of order. The matter has been dealt with.

The CHAIRMAN: I think that you were asking the witness for a more or less legal opinion on the meaning of the statutes that parliament passed.

Mr. NICHOLSON: No, no, I am not. Now, Mr. Chairman—

The CHAIRMAN: Wait a minute.

Mr. NICHOLSON: No. There has been a charge that the Canadian Pacific has been run by pen pushers who have refused to cooperate with the transport controller. I am drawing to the attention of the witness that we have an order in council which gives the transport controller very wide powers. Unless you order otherwise I will proceed with the penalties that offenders are liable to.

Every person who violates any of the provisions of these regulations is guilty of an offence and is liable on summary conviction to a fine not exceeding \$500 or imprisonment for a term of six months or both such

fine and imprisonment, and in the case of conviction on indictment to a fine not exceeding \$5,000 or imprisonment for a term of five years or both such fine or imprisonment.

Now, I think you should know the position of the transport controller himself in this situation:

The controller, a deputy controller or any person acting for or on behalf of or under the authority of the controller is not liable to any person for anything done or omitted to be done in the exercise or purported exercise of any power or authority vested in the controller by these regulations.

Now, that order in council was passed at the beginning of June, 1954,—I would gather after our transport controller had been acting for some time—to give him the sort of powers he thought he should have. Now, I would not like to see Mr. Samwell placed in jail for a long time, and I want him to be aware of the very wide powers the transport controller has, and the responsibilities that are placed on the C.P.R. officials in their association with him.

Mr. SINCLAIR: Mr. Nicholson, I do not know what your question really is. We know that order in council; we know it well, and we know what it says. I do not think there is anything—

Mr. NICHOLSON: Do you question Mr. Milner's rights as outlined in the order in council?

Mr. SINCLAIR: I do not. I have never questioned Mr. Milner's rights under any law. I do not question anyone's rights under the law. I never have and I never will.

Mr. NICHOLSON: Mr. Milner when he was here—

Mr. SINCLAIR: You mentioned that you did not want Mr. Samwell to go to jail for a long time. I think that Mr. Samwell, in our hands, is in pretty fair shape.

By Mr. Nicholson:

Q. I am sorry, I just wanted to—Mr. Samwell is not a lawyer and I wanted to draw the law to his attention. When Mr. Milner was here on the 6th of June he mentioned—on page 313: “—I appealed to Mr. Crump personally and told him that I was sick and tired of excuses, that we must get box cars into western Canada to look after this situation.

Now, subsequent to that time he got rid of the pencil pushers and theorists he has down there and I think he took over himself after which time we have had an excellent supply of box cars from the west”.

May I ask Mr. Samwell how long he has been with the Canadian Pacific Railway?—A. Since the last time I entered the service I have been with them practically 37 years.

Q. I gather that you had been a dispatcher at one time. Would you consider that—A. That is, a train dispatcher.

Q. A train dispatcher, yes. What would be your reaction to the description of yourself as a pencil pusher and as a theorist? Would you consider that a fair description of the work you have been doing on the railway?—A. I do not know of anybody who can work on the railway without doing a little pencil pushing. As far as a theorist is concerned, that is beyond my scope.

Q. But you have to do other things besides pushing pencils?—A. That is right.

Q. Late on that same day—that was on page 313—at page 337 Mr. Milner said: “I told you this morning, I think, when I referred to them as pencil pushers, theorists, and that is not all I called them when I was talking to them. But that is the best language I can use here. It was evidently a case of where, and I will call it untried personnel, was attempting to run the transportation

of the C.P.R., and it did not work out as far as I was concerned until I could get back to the president of the company, after which time we got action". Do you consider that this language used by Mr. Milner is a fair description of the work done by the people like yourself with the Canadian Pacific Railway?—A. Mr. Nicholson, I think Mr. Milner ate those words yesterday.

Q. I thought he would have to. I have not the transcript before me, but I do not think he did do a good job of putting the record clear. Certainly Mr. Sinclair made a pretty severe attack on Mr. Milner after he left. When we have that record before us we will know exactly what was said. It would seem to me that if you would admit that there is the need for a controller, that a controller who uses the sort of language that Mr. Milner used would not be likely to get the best sort of cooperation which is essential if this sort of problem is going to be solved. That will be all, Mr. Samwell, just for the moment.

Mr. SINCLAIR: Mr. Nicholson, I would just like to point out that there is one thing about people on the railway that I can assure you of, and that is that we do not hold any grudges. If we have got something on our chest we get rid of it, and we get down to work. That is exactly what we have done.

Q. Just two or three more questions.

I asked Mr. Emerson last night if there had been a meeting a year ago between the opposite numbers of Mr. Emerson, the vice-president—his opposite number on the C.N.R., and the transport controller to try to work out a formula for this crop year. Now, my understanding was that Mr. Emerson said "no". But, some of the members of the committee were not too sure as to whether or not there was a meeting a year ago. Could you put us straight on that?

Mr. SINCLAIR: There was a meeting in Winnipeg. I do not want to say the exact dates, but, there was a meeting in Winnipeg where the local officers and the Wheat Board, and the transport controller were together. There were meetings, I think also in Montreal between the transport controller and each of the railways separately. I said this morning, and I repeat it now, I do not know of any meetings in which the two railways, the Wheat Board, and the terminal elevators were all there together. But, there have been meetings, yes. On that general question there have been meetings. Mr. Emerson put some on the record.

Mr. NICHOLSON: But I asked Mr. Emerson specifically if he had been asked by Mr. Milner to meet with his opposite number of the C.N.R. to try to work out a formula for the crop year 1955-56. Now, I thought Mr. Emerson said there had not been such a meeting.

Mr. SINCLAIR: When you ask it that way, Mr. Nicholson, Mr. Emerson did not meet with Mr. Dingle of the C.N.R. and with the transport controller, if that is what you mean. But, there were meetings in Winnipeg.

Mr. NICHOLSON: Let me follow it up. Was there any understanding reached at that meeting as to the formula which would be used for the present crop year? For example, if one railway had 80 per cent of the cars at the terminal, that 80 per cent of the unloadings would be for that company? Was there any understanding reached at that time as to a formula?

Mr. SINCLAIR: No.

Mr. NICHOLSON: As far as the Canadian Pacific is concerned would you be willing to meet immediately with the transport controller and the Canadian National, and the owners of the terminals?

Mr. TUCKER: How many times does that question have to be asked before Mr. Nicholson will appreciate that the answer has been given?

Mr. MANG: It will never sink in.

Mr. NICHOLSON: No, I asked my question last night and I thought—

Mr. TUCKER: The question has been asked at least six times, and answered each time in very plain English.

Mr. NICHOLSON: No, it has not been answered.

Mr. TUCKER: I certainly object, Mr. Chairman, to this waste of time.

Mr. NICHOLSON: I could take a good deal more time.

Mr. TUCKER: I know you could, but I object to it now and I will continue to object to it.

Mr. NICHOLSON: This is my last question.

Mr. GOUR: Let him finish if this is his last question.

Mr. NICHOLSON: I have limited my questions, in order to make it possible for the C.P.R. officers to get away this afternoon, to a few main questions.

Mr. TUCKER: If everybody else were to waste time as you are now, they would not get away until the weekend.

The CHAIRMAN: Mr. Nicholson, would it assist you if I placed back again on the record this particular part of Mr. Milner's statement?

Mr. NICHOLSON: Yes, I will be glad to have that.

The CHAIRMAN: He says—

Mr. NICHOLSON: What date was that?

The CHAIRMAN: Yesterday. "I am prepared to meet with the railway officials. I would like to meet with them. I intended to arrange for a meeting this morning but I was so busy at my office that I could not get away. I can resolve my difficulty with the railways I think, satisfactorily. At least I have always been able to do so in the past" and so on.

Mr. NICHOLSON: Mr. Chairman, since Mr. Tucker has raised this, I feel obliged to deal with some of the matters that I was not going to.

Mr. MANG: You see, you should have left him alone.

Mr. NICHOLSON: The transport controller—

The CHAIRMAN: You were asking your question. You might as well complete it now.

Mr. NICHOLSON: The transport controller, when he was here before, gave a great deal of damaging information regarding the operations of the Canadian Pacific Railway, which I have not dealt with yet. The Canadian Pacific Railway is here because they felt that Mr. Milner's remarks were unfair. I think that the Canadian Pacific have demonstrated that Mr. Milner has admitted that he refuses to act on the order in council, which has been passed to set up the controller. We are in an impossible position. A new crop year is starting on the first of August, and no effort has been made by the transport controller as yet to get the officials of the Canadian Pacific, the Canadian National and the terminal elevator companies together to make plans for the next year.

Mr. SINCLAIR: The matter is actively in hand, Mr. Nicholson.

Mr. NICHOLSON: Will the officers of the C.P.R. cooperate as readily with the Transport Controller and the officials of the C.N.R. as they have in arranging to appear before this committee?

Mr. SINCLAIR: We certainly will. We will be glad to meet Jack Wesson any time.

Mr. NICHOLSON: I will make way for Mr. McCullough who has a few remarks to make. But before I sit down, I want to say that I am sure we all appreciate the fact that the Canadian Pacific officials have come here to help solve this very difficult problem. Although Mr. Argue made the motion, I

think credit should go to Mr. Tucker, Mr. Mang, Mr. Weselak, and Dr. Pommer for breaking with their party, because they were so aware of the importance of this problem, and voted with the opposition members, which made possible the appearance of the Canadian Pacific officials here.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I realize that the committee members are perhaps wanting to draw this to a close but I have some observations and questions to ask. I should say at the outset that it is encouraging to me as a member of this committee and a farmer representing western Canada, that one good thing is coming out of the deliberations of this committee in the last few weeks, namely, that the people who are responsible for the various shipments, for the movement of grain, have now realized at least that something must be done and I am quite happy, Mr. Chairman, that Mr. Sinclair now has given the committee his complete assurance that such will be done as far as his company is concerned. That is very fine.

Now, I think we have over the past week or so when we have had these witnesses here, had such an amount of evidence, Mr. Chairman, that perhaps it would take a half dozen Philadelphia lawyers to try to straighten it out as to who is to blame. I am not too concerned now as to exactly who is to blame but I want to point it out that the farmers of western Canada have been in an intolerable situation during the critical period and a large portion of the last crop year, and it is from that point of view that many of those of us on the committee have—

Mr. TUCKER: Mr. Chairman, has there been any change in the decision about questioning?

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I am going to ask you to ask the hon. member to keep his seat.

Mr. TUCKER: I am rising on a point of order. After all, everybody on this committee is obeying the rules. Is the C.C.F. really in a preferred position?

Mr. McCULLOUGH (*Moose Mountain*): Don't butt in.

Mr. TUCKER: I will butt in if you will not obey the rules.

Mr. McCULLOUGH (*Moose Mountain*): What rules?

Mr. TUCKER: The C.C.F. have no special privileges in this committee.

Mr. McCULLOUGH (*Moose Mountain*): What rules are we breaking?

Mr. TUCKER: You are breaking all the rules.

The CHAIRMAN: Order.

Mr. TUCKER: I know you do not like anyone else to talk but yourselves. You think you have a divine right to hold the floor and to keep everybody else off.

Mr. JOHNSON (*Kindersley*): You would be better off sitting down.

The CHAIRMAN: Just a moment please. Mr. McCullough had the floor and Mr. Tucker raised a point of order. We will save time if we proceed in an orderly fashion. Let us have the point of order and we will deal with it and go on.

Mr. TUCKER: On the point of order we had agreed we would ask questions only of the witnesses until they were dismissed and then have argument after. In deliberate violation of that agreement on which the committee has been proceeding we have Mr. McCullough coming up and saying: "I have some observations I am going to make and then I am going to ask some questions". I assume he was out of order when he was making the speech because if we are going to have speeches, everybody is entitled to make a speech and make observations and we will have the witnesses here for two more days.

Mr. McCULLOUGH (*Moose Mountain*): I am going to ask you, Mr. Chairman, to rule whether or not the hon. member was in error when he said we were breaking the rules of this committee.

The CHAIRMAN: Well, we had come to an understanding yesterday, that in order to expedite the matter we would have direct questions of the witnesses in order to free them to go back to their duties. That was the agreement that was followed all day yesterday and which worked very well. I think we would do well and I would urge all the members to continue to honour this general agreement. There was not any strict rule laid down. There was no motion passed to that effect but there was unanimous consent and the committee settled down to that procedure which went on all day yesterday.

Mr. McCULLOUGH (*Moose Mountain*): I was just making some observations to predicate my question on. I never said I was going to make a speech. I would say since the hon. member from Rosthern is speaking about me taking the floor, I checked him yesterday and he was almost a half an hour before lunch and a half an hour after always sitting down, never on his feet and prefacing his questions by observations which were quite lengthy.

The CHAIRMAN: Carry on.

Mr. McCULLOUGH (*Moose Mountain*): Mr. Chairman, I think all members will agree that there has been a lot of castigation made of various parties. I recall that Mr. Milner said of your company in making observations in respect of the company something about demurrage in Vancouver and I quote "less cars in the west in any year since 1950". He said also there were 38,000 Wheat Board orders in western Canada, he said he was also very badly let down and he said loadings had not been sufficient.

Now you, Mr. Sinclair, have tried to point out to the committee that you have two main objectives, I think, one, efficiency and one service. I suggest, sir, that as far as I am concerned, your efficiency is given priority rather than service to the farmers. I think that is ultimately made clear when members of this committee have indicated the points served by your railroad and the situation which was present there during the critical period. I suggest that you yet have not given us or your officials have not given us any information before this committee which could be considered as clearing up the situation existing in these various areas both in Saskatchewan and the Lethbridge area.

I am not stating who is at fault, I just know you never put in the cars, the deliveries were not made and carloadings were not made.

You made a statement in rebuttal of Mr. Milner that he made a confession here yesterday and that the tone of his rebuttal was one of avoidance, inconsistency and indefensible. I think those are very strong words and as far as I am concerned, as a member of this committee and a representative from western Canada, I want to point out that I think the Canadian Pacific Railway's conduct during the critical period and crop year of 1955-56 which is under discussion, is also indefensible. I think, sir, you have gone too far in your attempt to bring in the new idea of trying to exercise efficiency in your railroad. I am not a railroad man, not a terminal man, not a transport man nor a Wheat Board man in charge of sales, but I know the result has been that as far as the western farmers are concerned they have been put in a deplorable and intolerable position.

Mr. SINCLAIR: Mr. McCullough, I have, I think, fair powers of concentration, but I cannot remember all the points that you are making and I presume I am going to have to answer a question. So if you have a question on it, will you please put it so I can keep it in mind because I have a fair amount of difficulty. I can understand your position—let me make that clear.

I can understand the way you feel. You feel you have not been fairly treated. I know what that makes you feel like. It makes you feel exactly the same as we felt when we felt we were unfairly attacked. I can understand that is the reason you are speaking the way you are, but I do wish you to know this first that service to the farmers of western Canada is always foremost in our minds.

Mr. McCULLOUGH (*Moose Mountain*): You mean before your revenue?

Mr. SINCLAIR: Before our revenue, oh no. We have got to operate at a profit. We think that is—and I know we are getting into ideologies here and on this point you and I will never agree I do not think on the way to solve it but I happen to think that the most efficient way is to have a profit motive. You do not, I know, and I am not going to try to convince you because you have made up your mind.

Mr. McCULLOUGH (*Moose Mountain*): You have made up your mind too?

Mr. SINCLAIR: That is right.

Mr. McCULLOUGH (*Moose Mountain*): That is admitted.

Mr. SINCLAIR: Yes, that is right. So I do not think there is much use you and I talking about that because we will be here a long time and we would not agree, would we?

Mr. McCULLOUGH (*Moose Mountain*): I do not think we would. I do not think we would agree as to the priority either.

Mr. SINCLAIR: Well, I just happen to think the system we operate under is better.

Mr. McCULLOUGH (*Moose Mountain*): Now, Mr. Sinclair I have some questions to ask you in respect of some of the statements that have been made. You now do feel that perhaps this meeting you are proposing in the last few days may meet with some success?

Mr. SINCLAIR: I am not proposing it; Mr. Milner proposed it.

Mr. McCULLOUGH (*Moose Mountain*): And you acquiesced to it and agreed it was a good thing?

Mr. SINCLAIR: We will agree to anything that anybody suggests that is going to help solve the problem. We think we know something about transportation.

Mr. McCULLOUGH (*Moose Mountain*): As a responsible official of the C.P.R. did it not occur to you that such a meeting would have been advantageous earlier when there was something wrong somewhere? Did you not appreciate too, sir, the fact that the transport controller could exercise his rights and jurisdiction under the act but perhaps found it would put yourselves and all the transport in Canada in a very difficult position if he could not have received cooperation rather than a with dictum from him under his powers?

Mr. SINCLAIR: Mr. McCullough, we believe, we think we gave cooperation, full cooperation. We do not think—and I do not know how to make this clear—we do not think we let the transport controller down either in the critical period or at any other period. Furthermore, Mr. McCullough, this may be a lot more important than whether we let the transport controller down or not—what is, I think, a lot more important is that we do not think we let the western Canadian farmer down. We do not think the Canadian Pacific let him down. I want to make that clear.

Mr. McCULLOUGH (*Moose Mountain*): I accept that but I do not agree with it.

Mr. SINCLAIR: Well, there is another thing that maybe you and I are going to disagree about. But on transportation we think we know and it is on transportation that we are doing our job.

Mr. McCULLOUGH (*Moose Mountain*): I think in the course of your evidence you have admitted that you know little about either the export sales, about terminal elevator arrangements and so on?

Mr. SINCLAIR: That is right.

Mr. McCULLOUGH (*Moose Mountain*): And yet you nor none of your officials, Mr. Crump, nor anyone else concerned attempted to get to the crux of this buildup that resulted in the crucial period?

Mr. SINCLAIR: Mr. McCullough, Mr. Wood told the committee that time and time again he was pressing and the terminal superintendent at Fort William was pressing and the other operators were pressing for increased attention to Canadian Pacific cars. I think there is no use going over that again really here. The facts are there. We were doing everything we could.

Mr. McCULLOUGH (*Moose Mountain*): I have this question to ask you: you agree with the statement of Mr. Milner that there were less cars in the west than any year since 1950 and during the time he required you to put more rolling stock into the west?

Mr. SINCLAIR: Mr. McCullough, there is just another little factor in connection with transportation and that is your car count—

Mr. McCULLOUGH (*Moose Mountain*): Will you answer my question?

Mr. SINCLAIR: Mr. Emerson said he thought yes. I do not know, I have not looked at the figures but that is not the point—

Mr. McCULLOUGH (*Moose Mountain*): Well never mind the point.

Mr. SINCLAIR: All right, very well. The answer, I think, would be no.

Mr. McCULLOUGH (*Moose Mountain*): You expected to move or ship all the loadings with the cars that you had in?

Mr. SINCLAIR: Yes, and Mr. Emerson said we could.

Mr. McCULLOUGH (*Moose Mountain*): You assumed you could meet it?

Mr. SINCLAIR: Yes.

Mr. McCULLOUGH (*Moose Mountain*): Then my next question is would you have had to have a quicker turn-around at loading point in order to accomplish that than you had previously?

Mr. SINCLAIR: Yes, Mr. Emerson, I think has made that clear because you will recall the percent of loadings was 52 per cent odd at a given period and the per cent of unloadings was 52 per cent odd. They were in an absolute relationship so therefore if our share was 55 or 54 to load, obviously you would have to get higher unloadings.

Mr. McCULLOUGH (*Moose Mountain*): Now, you agree, in view of what you said, that if Mr. Milner was to accomplish the movement of grain that had to be moved, obviously he would have had to entertain the same policy which you had of asking for a quicker turn-around? He had to have a different policy than had been in practice formerly?

Mr. SINCLAIR: Well, Mr. Emerson made it clear yesterday, I think, that he would not allow cars to be loaded and taken down to the lakehead and stand there under load. He said we could not afford that and I want to make that clear—we could not afford it.

Mr. McCULLOUGH (*Moose Mountain*): I was just asking you a question and wanting a simple answer.

Mr. SINCLAIR: I am trying to answer them.

Mr. McCULLOUGH (*Moose Mountain*): I just want the information I require. Now, as a transportation man, Mr. Sinclair, do you believe that a permanent committee set up consisting of the Canadian Pacific Railway, Canadian National Railway, Canadian Wheat Board, the Transport Controller,

terminal elevator officials, Department of Trade and Commerce officials and perhaps a farm organization—I am thinking here of the representatives of these various bodies sitting as a permanent committee to assume the problems, to thrash out the problems of transportation and all its allied problems—do you and your organization think that advantageous? Do you think that perhaps it is possibly the only way we could sensibly iron out the problem facing us?

Mr. SINCLAIR: My answer to that, Mr. McCullough is this—and I will have to give you my personal opinion—my personal opinion is this, that I am not in favour of the rigidity that comes from setting up permanent committees. I am not in favour of that. I think that the give and take and the informality between people who have got a job to do and who after doing it efficiently to make a policy is the best way of getting things done. That is what we think.

Mr. McCULLOUGH (*Moose Mountain*): Well, Mr. Sinclair, might I ask you this: we have had that informality and it has been so informal that there has been no responsibility on anybody to get together and come to grips with the situation. I might say I think you would have to enlarge upon your statement as to any necessary rigidity in a committee such as I have suggested whereby all you would do, nobody would have any more authority or could voice their authority. In such a committee you would certainly be able to get together, you would know the possible Wheat Board orders, the Wheat Board would know your transportation problem, the Transport Controller would know both your problems and the problem of grain deliveries and the representative of the Minister of Trade and Commerce would no doubt know the possibility of world sales and the movement of sales for export and I think we would get the farmers' point of view.

Now, how can you maintain that such a committee would in any way have a rigidity at all? In my opinion it would make everything more flexible where you would work in cooperation with one another. I would suggest to you now as a comment to what you said, I think you people, you are a big powerful railroad, you have \$25,000 or \$30,000 legal officials and you think you can bulldoze your way into what you want by raising your rates and everything in connection with your company where we have the farmers perhaps at the mercy of yourselves and the people who have to look to you for service.

Mr. SINCLAIR: Well, Mr. McCullough, let me just say this and here again it is a personal comment and I say this as a westerner—

Mr. McCULLOUGH (*Moose Mountain*): I would sooner you would say so as an official of the C.P.R.

Mr. SINCLAIR: I have to give you a personal opinion, because we do not have these policy matters all set out for answering these questions.

Mr. McCULLOUGH (*Moose Mountain*): Just a moment—

Mr. SINCLAIR: I am trying to help you.

The CHAIRMAN: What is the question?

Mr. McCULLOUGH (*Moose Mountain*): The question is this, Mr. Chairman: I do not think Mr. Sinclair's personal opinion is worth anything to me. I am asking him as an official of the C.P.R. does he think a committee such as I have suggested, will do this and he has stated that it would entail rigidity and I am asking him how it would entail rigidity?

Mr. SINCLAIR: As an official of the C.P.R. I would say this, Mr. McCullough, that it does seem to me too bad that because there is unevenness and the disability that it cause the people in western Canada—and it is a disability in the very excellent job of selling this country's crop in difficult circumstances,—does not seem to have been recognized.

Right Hon. Mr. HOWE: It is recognized everywhere except in the House of Commons, I can tell you that.

Mr. SMITH (*Battle River-Camrose*): Are we going to be permitted to present conclusions from this group I represent at a later time—conclusions dealing with our feelings regarding the hearings we have had during the last two days?

The CHAIRMAN: When we dispose of the witnesses we will go in camera and there will be an opportunity.

Mr. SINCLAIR: I do not like the use of the word "dispose", Mr. Chairman.

The CHAIRMAN: I am using it in the sense of freeing the witnesses.

Mr. SMITH (*Battle River-Camrose*): The reason I ask I thought this was to be mere questions and answers period.

The CHAIRMAN: Yes, once we free the witnesses then we can go into camera and decide whatever conclusion we come to.

Mr. SMITH (*Battle River-Camrose*): Well, Mr. Chairman, I would like to direct a question to Mr. Weise. I am asking this question on behalf of my colleague, the hon. member for Medicine Hat, Mr. Wylie. It deals with a wire which he received from Skiff, Alberta. I will read the wire:

At a large number points in western Canada there is grain delivery quota of eight bushels. Since we have a compulsory marketing system on our grain we demand, on behalf of our district farmers that we be given equal quotas and the necessary time needed for delivery in this crop year. Skiff has only four bushel quota which cannot be delivered for lack of room. At the present time our elevators have shipping orders totalling ninety eight box cars. These orders cannot be filled for lack of railway cars. This number of cars would take care of a six bushel quota. Please take immediate action and let us know by return.

My question to Mr. Weise is: could he give me the position of Skiff Alberta at the present time?

Mr. WEISE: Yes sir, as of today, Skiff requires no cars on the four bushel quota and requires 36 cars on the five bushel quota.

Mr. SMITH (*Battle River-Camrose*): Then, could I ask Mr. Weise in his opinion, will this point ever reach a six bushel quota by July 31 in your opinion?

Mr. WEISE: I would say we would clean up the five bushel requirement, yes.

Mr. SMITH (*Battle River-Camrose*): And move into the six group?

Mr. WEISE: We will clean off the five.

Mr. SMITH (*Battle River-Camrose*): I would like on behalf of the leader of our agricultural committee, Mr. Quelch, to thank Mr. Samwell and Mr. Weise particularly for the valuable information they have given us so kindly this morning and to say that we have listened with interest to the representations made by the other officials of the C.P.R.

Mr. STANTON: Mr. Chairman, I am sure we members of the committee from the east have listened with a great deal of interest and perhaps a lot more patience to what has been going on here in the past two or three days, and I would say perhaps the crux of the whole situation is this, the Canadian Pacific Railway being a revenue producing company and a profit making company, in order to make a profit it is necessary for them to keep their box cars on the move. Is that not right, Mr. Sinclair?

Mr. SINCLAIR: That is correct, sir.

Mr. STANTON: In order to make revenue they must keep all their rolling stock on track with a minimum of delay.

Mr. SINCLAIR: That is correct, sir.

Mr. STANTON: We have the Canadian National Railway which is a nationalized company and if they have any cars on the sidings and do not make a revenue profit all right, the people of Canada fixes it up or if they make a profit, all right.

Mr. POMMER: Mr. Samwell, this morning, I believe, mentioned Holmfield as being short of board orders. Did you make that statement, Mr. Samwell? I might explain to you, Mr. Chairman, that I feel that the people of Saskatchewan and Alberta had more difficulty than Manitoba although they have a few.

Mr. WEISE: As at June 15, yes.

Mr. POMMER: What was the quota there at that time?

Mr. WEISE: At the time that letter was written, Holmfield was on a three bushel quota.

Mr. POMMER: And that was June 15?

Mr. WEISE: Yes.

Mr. POMMER: You don't know the situation at the present time?

Mr. WEISE: Yes, the station is on a five bushel quota, no cars required on the five bushel quota, and requires six cars on the six bushel quota.

Mr. POMMER: How many cars?

Mr. WEISE: Six.

Mr. POMMER: Now, when you are doing that would you look up the Windygates, La Riviere to Windygates?

Mr. WEISE: Purvis is on a seven bushel quota, Snowflake is on a six bushel quota requiring five cars to clean up that quota, Fallston is on a six bushel quota, no cars required, Mowbray is on an eight bushel quota, Windygates is on a six bushel quota with no cars required for that quota.

Mr. POMMER: Can you also give me Kaleida?

Mr. WEISE: Kaleida is on a seven bushel quota.

The CHAIRMAN: Does that complete your questions?

Mr. POMMER: I would like to have had the situation on the Deloraine line from Rosenfeld to Holmfield.

Mr. WEISE: Each station?

Mr. POMMER: Yes, if you can, if it is not going to inconvenience anyone.

Mr. WEISE: Rosenfeld, Horndean, Altona, and Gretna are on an eight bushel quota, Plum Coulee seven bushel quota, Winkler on a six bushel, requiring one car to take care of that quota, Morden is on a five bushel quota, no cars required under the five bushel quota, two cars required to take care of the six bushel quota, Thornhill is on a seven bushel quota, Darlingford on seven bushel, Kaleida, Manitou and La Riviere on seven.

Mr. MANG: Mr. Chairman, just one question of Mr. Weise while he is on this point. I have had difficulty with the point of Balgonie for the last nine months. It is just outside Regina. Could you just give me the position of that point today?

Mr. WEISE: As of today, Balgonie is on a five bushel quota which requires 17 cars to take care of that quota.

Mr. MANG: The prospects are that you will get that up?

Mr. WEISE: Yes.

Mr. MANG: That could be somehow worked out?

Mr. WEISE: Yes.

Mr. POMMER: I would like to have Mr. Weise complete that. He went as far as La Riviere. There is Pilot Mound, Crystal City, Mather, Clearwater and Cartwright.

Mr. WEISE: Pilot Mound is on six bushel quota, no cars required. Crystal City on a seven bushel quota, Clearwater on a five bushel quota, requires five cars for that quota, a total of eighteen cars to take care of the six bushel quota. Mather has a six bushel quota and it requires five cars to take care of that quota. Cartwright has a seven bushel quota and it requires six cars to take care of that quota.

Mr. POMMER: Thank you.

The CHAIRMAN: Does that complete the questioning?

Mr. JOHNSON (*Kindersley*): Mr. Chairman, I have one question. The committee has been taking up over the past several days a question dealing with a problem which has been compounded due to the fact that the intentions relating to the Canadian Pacific Railway have, up until recently, been unknown, and it revolves around that problem, and I think it is something like the old question of which came first, the chicken or the egg.

The difficulty is in disposing of some policy to be followed by the Canadian Pacific and the Canadian National Railways and the difficulty of the transport controller—in arranging with the controller or providing the initiative so it could be effected.

The Canadian Pacific has pointed out that their interest is in transportation and I think they have appreciated the questions we have asked them. I do not think it will be necessary to go through all these things again in the future unless this terrific problem is not resolved.

My question has to do with the willingness of the Canadian Pacific to appear as a witness before this committee, or before the Saskatchewan pool convention, or at any other place to present the same or similar information that they have given us here today.

Mr. SINCLAIR: Mr. Johnson, if the information which we have will help you or any other farmer in western Canada, we will be very glad to do so; but please do not ask us to come and stay too long. That is all.

Mr. JOHNSON (*Kindersley*): I do not think it will be as necessary to stay as long in the future because we have stacked up a lot of evidence from the various officials which would not have to be duplicated in the future. We must remember that this is the first time that the Canadian Pacific has appeared before this committee to deal with this very contentious problem of grain movement.

Do you think further along that line that since you admit you have been operating on the maxim of profit that you will be able to dispose of the cars which you have to the use of grain if a formula is devised which meets the ideologies of transportation? It may be that I have got a little complicated, but if for example from this meeting which is proposed between Mr. Milner, the Canadian Pacific and the Canadian National Railways you are able to devise a formula which you both will accept, do you think it would solve the problem which has been facing you this past year?

Mr. SINCLAIR: I do not think it will solve it just like that, because there are other factors which come into it, but I do think it will improve it materially. However, I do not know because there are too many variables to say that it will solve it, but it certainly will improve it.

Right Hon. Mr. HOWE: May I make one observation. I wish the committee would recommend that the principle problem is to load grain on the boats for export and to get it out of the country. My hon. friend knows that a formula

which limits the number of Canadian National cars in proportion to the Canadian Pacific cars is not going to help that problem very much. I strongly suggest that this problem of how many cars there should be in use is one which should be left to the people who have the responsibility of moving this crop to export markets.

Mr. JOHNSON (*Kindersley*): Perhaps I might make a comment at this point since the minister has just made one. I would agree that one of the essential problems we have is that of moving grain to a transit position, but it has been apparent in the whole piece that it was not the transport controller or the Canadian National Railways but the farmers who are the ones who suffer in this battle of the giants.

Right Hon. Mr. HOWE: The farmers have a better deal this year than they ever had before and the farmers themselves know it. If my hon. friend does not know it it is because he spends all his time around Ottawa and does not go home.

Mr. JOHNSON (*Kindersley*): Mr. Chairman, my primary responsibility is to my constituents and to act for them here in Ottawa.

Mr. STUDER: There are no boxcars in Ottawa!

Mr. JOHNSON (*Kindersley*): What we have to consider here is the welfare of the farmers, and the minister may make the most optimistic statement he likes about the prosperity of the farmers, but he cannot convince those farmers who have a four bushel quota that they are better off this year than ever before because they just won't believe it. Moreover, while I continue to represent those farmers here I shall express those views and I shall do my utmost to try to determine where the fault lies.

Secondly, with respect to the suggestion of whether or not the problem can be solved, let me say that that is my parliamentary responsibility, and if by reflecting the criticism of the transport controller and of the Canadian Pacific Railway I am helping the position of those farmers then I am only doing what I consider to be my duty in trying to find a solution to the problem and in trying to improve the situation.

Mr. DINSDALE: Mr. Chairman, while the Canadian Pacific officials are before us, would they have any objection to helping me with some general information about the distribution of boxcars?

I have not been able to attend the committee continuously, so might I ask if we have already discussed the problem of the carrying out of the formula to make it possible for the farmers to deliver to the elevator of their choice? Has that subject been discussed in this committee? It is a subject which comes up in the House of Commons from time to time.

Mr. SINCLAIR: That is not a transportation problem, Mr. Chairman.

Mr. DINSDALE: No, but the suggestion is made from time to time that it is a particularly difficult problem on Canadian Pacific lines.

The CHAIRMAN: You are referring to the allocation at a point as between the elevator companies?

Mr. DINSDALE: That is right.

Mr. SINCLAIR: We carry out the directions that we get under the formula. That is followed according to the reading that I have, and it is the formula which was devised in this committee.

Right Hon. Mr. HOWE: That is right.

The CHAIRMAN: That is right!

Mr. DINSDALE: May I endeavour to pinpoint where the responsibility lies because from time to time the allegation is made that it is a specially difficult problem at Canadian Pacific points.

Mr. SINCLAIR: I shall not criticise decisions of this committee,—not here, there are too many of you!

Mr. DINSDALE: Could you answer this question for me?

Mr. SINCLAIR: If your question has to do with transportation matters in which we could assist you, yes; but if it has to do with matters which are different, then I must say no.

Mr. DINSDALE: The suggestion is made from time to time that boxcars at points be allocated on a one to one basis, that is, one boxcar for each elevator at that point regardless of the number of shipping orders. What would be your opinion about that particular allegation?

Mr. SINCLAIR: If you care to read Mr. Samwell's statement of yesterday on page 4—

Mr. DINSDALE: I have read it.

Mr. SINCLAIR: That is not the way it works.

Mr. DINSDALE: No. I would say that the Canadian Pacific—really having read Mr. Samwell's brief—it would appear that the Canadian Pacific as a transportation company is completely dependent on the instructions of the grain companies concerned.

Mr. SINCLAIR: Oh yes.

Mr. DINSDALE: In supplying boxcars.

Mr. SINCLAIR: Oh yes, we are dependent on the shippers—that is, the wheat board.

Mr. DINSDALE: You mean the shippers supply the shipping orders?

Mr. SINCLAIR: That is right, and the wheat board send them to them, and they decide.

Mr. DINSDALE: And you spot your cars according to the requests of the respective grain companies. Is that correct?

Mr. SINCLAIR: That is right, subject to the preferences and out of turn that may be directed to us by the Wheat Board.

Mr. DINSDALE: So any suggestion that you tried to simplify the problem by spotting cars regardless of the one to one formula would not have any basis in fact?

Mr. SAMWELL: Absolutely not.

Mr. DINSDALE: In my own area I have heard opinions expressed by farmers who are doing business with the various grain companies that that was the case and I wanted to have it on the record that the responsibility lies other than with the transportation companies concerned.

Mr. SINCLAIR: Thank you!

Mr. STUDER: What about delivering at the terminal of one's choice?

Mr. SINCLAIR: You mean our choice?

Mr. STUDER: No, anyone's choice. What about delivering to the terminal of one's choice.

Mr. SINCLAIR: We would be very much in favour of it if it enabled the cars to be unloaded faster and returned to us to do their job.

Mr. STUDER: All farmers are interested in is having boxcars and that would be one way of obtaining them, while another way would be to supply more of them.

Mr. MANG: What effect would it have on your transportation problem whether the Canadian Pacific or the Canadian National Railways—if, let us say, 80 per cent of the farmers at a given shipping point which, let us say, has three or four elevators—what effect would it have if in October they

indicated that they wished to put it through one particular elevator, let us say, the National Grain, or the pool, or the United Grain Growers? What effect would that create on the transportation problem if any, if 80 per cent of the farmers at a given point indicated that they wished to deal only with one elevator?

Mr. SINCLAIR: Mr. Mang, that would depend on the capacity of the houses in the country to handle expeditiously the grain therein, and I think that is only an application of logic. Mr. Samwell is saying to me that if 80 per cent were trying to go through three country houses now—no, with 100 per cent of them going through three houses now, and then all of a sudden you were going to put 80 per cent through one house, it would certainly slow it down.

Mr. MANG: It would affect your transportation problem?

Mr. SINCLAIR: That is what he thinks.

Mr. SAMWELL: That is what I would say, yes.

The CHAIRMAN: May I, on behalf of the committee, thank the witnesses, Mr. Samwell, Mr. Weise, Mr. Sinclair and Mr. Taylor for their very fine co-operation all through these hearings, and for the very valuable information they have given to the committee.

Mr. SINCLAIR: Might I just say, Mr. Chairman and members of the committee, on behalf of the officers of the company—some of them have not had an opportunity of appearing before you before—that they have found the experience to be very different from what they had imagined it would be, and that they have learned something in the way of the proceedings that are used, and the way your business is conducted. They want me to say this, and I am saying it on their behalf, that we do appreciate your taking the time to hear us. We hope we have been helpful to you although we certainly may have been much too long, but we do thank you, Mr. Chairman, for the very kind way you have conducted these proceedings and the very orderly way that you have enabled them to be transacted and for our story to be put before you. Thank you very much.

The CHAIRMAN: Is it agreed that we now go *into camera* to consider our report?

Mr. CHARLTON: No, Mr. Chairman, not at the moment because I have a letter I would like to bring up.

The CHAIRMAN: It is not connected with these witnesses?

Mr. CHARLTON: No, no. You mentioned that there was some correspondence which you had not brought to the committee at the beginning of the sittings. I have not been here at all times and I wondered if that correspondence had been read to the committee.

The CHAIRMAN: Yes.

Mr. CHARLTON: You made reference to one letter from the Ontario Concentrated Milk Producers' Marketing Board and their asking to be heard.

The CHAIRMAN: Yes.

Mr. CHARLTON: What decision was made in this regard? Was there a reply sent to the Ontario Concentrated Milk Producers' Marketing Board?

The CHAIRMAN: As I stated at the time there was a letter received by me from the secretary-manager, Charles Milton in which he stated as follows:

The Ontario Concentrated Milk Producers have a few problems that they would like to discuss with the agricultural committee of the House of Commons. I have tried through other channels to get an appointment, but I guess I did not make the request to the proper person.

We would appreciate this opportunity at your convenience.

And I replied to Mr. Milton in the following terms:

This will acknowledge receipt of the request on behalf of your organization to appear before the agricultural committee of the House of Commons.

I delayed answering your letter to ascertain whether the references given by the house would be broad enough to include representation from your organization. So far my only reference is to consider the report of the Board of Grain Commissioners and that of the Canadian Wheat Board. You appreciate that these deal exclusively with grain.

At the moment the subject matter of your representation would therefore not come within the reference. Should the house see fit to give us a reference broad enough to include dairying I would be very pleased to submit your request to the committee. You can rest assured that you would be duly notified without delay. I do not foresee, however, any new matters being referred to the committee at this late date of the session.

MR. CHARLTON: Did Mr. Milton not make any reference to feed grain, and that they wanted to come here and talk about feed grain?

THE CHAIRMAN: I assumed that it had to do with the Ontario Concentrated Milk Producers' Marketing Board when I became aware of their problem, and I assumed it had to do with the problem that they had, and that it certainly had nothing to do with grain. However, I have received no reply from Mr. Milton, and I think that if they had anything to do with grain, as I pointed out in my letter to him, I said that our reference deals exclusively with grain, I am sure that he would have replied that they felt that they came within our reference and that they should be heard.

MR. STANTON: It seems rather peculiar, Mr. Chairman, that we can sit here, as members of the House of Commons, day after day. I have been a member of this committee now for three years and there have always been representations from western wheat farmers—and it seems rather strange that we in eastern Canada, while we have our problems—I am sure that the Ontario Concentrated Milk Producers' Marketing Board must have their problems too or they would not have made a request to make representations to this committee. I do not know, but it seems to me rather one-sided that we can take up so much time on western problems and not have any time to put on eastern problems.

THE CHAIRMAN: Mr. Stanton, you are raising a point there, and we might as well deal with it now. The question does not come within the terms of reference to this committee, but it is one which might be raised in the House. We cannot as a committee initiate any discussion or any subject matter because we are entirely in the hands of the House of Commons, and it is the House which decides what we shall deal with. We are entirely in the hands of the House no matter what our personal feelings might be, and no matter how desirable it may be, so there is no point in discussing this thing in the committee. Such a discussion would have to take place in the House. The House could give us appropriate terms of reference, but we have no authority to deal with any subject that has not been referred to us and we must abide by the terms of our reference which has exclusively to do with grain so far.

MR. NICHOLSON: I think your point of order is quite sound, but it would appear that the House would still be in session next week and I wonder if this committee might not ask the House for authority to discuss that matter. It is true that we have spent a lot of time discussing western problems, but I think we might hear them early next week and perhaps the members of the committee would consider asking the House to give us another reference.

Mr. STANTON: It is getting rather late and the House is getting to the time of closing, but we are not opposed to the time spent on western problems; I do not admit for a minute that it was not time well spent; but in the east we have our problems and I submit that they should be discussed either before this committee or in the House, so I ask the chairman to consider the matter of having further terms of reference granted to us by the House.

Mr. NICHOLSON: In order to bring the matter to a head I move that the committee ask the House to give us authority to consider this subject next week, provided the association in question is prepared to appear before us next week.

The CHAIRMAN: That is a matter we shall have to consider when we make our report. Let us now go *into camera* to consider our report.

Agreed.

(At this time the committee went *into camera*).

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